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(Special Branch) Office Notes

Foreign Press cutting.

Nipponese Army Ready For General Campaign Along Three Railways

OFFENSIVE SLATED SUNDAY; DEFENSE PLANS COMPLETED

Hostilities Break Out On Ping-Sui Line, Japan Forces Attack Nankow, Chinese Casualties Heavy; Tracks Blown Up; City Bombed

Fighting Still Going On This Morning

JAPANESE forces in North China will launch a general offensive on Sunday on three fronts along the Peiping-Suiyuan Railway, Tientsin-Pukow Railway and the Peiping-Hankow Railway, according to Nanking reports claimed to have been obtained from military circles.

The Chinese defensive measures along these railways, the reports added, have already been completed. The 29th Army units have been reinforced by divisions directly under the control of the Military Affairs Commission.

NANKOW ATTACKED

Hostilities have already broken out along the Peiping-Suiyuan and Tientsin-Pukow Railways. In a move to capture Kaigan, Japanese forces attacked the Chinese positions on two sides, at Nankow and at Tsalkoupao. The attack on Nankow

TIENTSIN WANTS U.S. TROOPS

(Reuter's Agency)

TIENTSIN, Aug. 12.—A resolution opposing the withdrawal of United States troops from Tientsin was unanimously passed at a meeting today of the American Chamber of Commerce.

The resolution was forwarded to the State and War Departments in Washington.

was said to be one of the bitterest battles fought since the outbreak of the Lukomchiao Incident. Despite heavy losses under Japanese gunfire, the Chinese forces are still in control of the strategic points, the reports declared.

The Japanese attack commenced yesterday morning when 600 soldiers exchanged fire with the Chinese defenders, including units of the 89th Division under General Tang En-po. The Japanese artillery soon joined and the Chinese were driven back, blowing up the railway tracks and the bridges in the course of the retreat. The Japanese attackers then confined their activities to the shelling of the Chinese positions, using howitzers and heavy field guns. An area of about two miles around Nankow was turned into ruins. Fighting was still going on early this morning with the Japanese continuing the attack with 20 tanks, an armored train and field guns. Chinese and Japanese reinforcements were both arriving at the scene.

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CLASH IN CHINGHAI

In Chinghai, along the Tientsin-Pukow Railway, a fresh clash took place yesterday. The Japanese forces shelled the Chinese positions at 10 o'clock yesterday morning and by 1 p.m., a Japanese cavalry unit more than 200 strong attacked Wulichang, north of Chinghai. They are said to have been surrounded by the Chinese defenders and the fighting was still going on after dusk last night.

A fleet of Japanese bombers yesterday bombarded Machang, also along the Tientsin-Pukow Railway. The damage was unknown.

MINES TO BOTTLE UP YANGTZE

(Havas)

LONDON, Aug. 12.—News of the arrival of the Japanese fleet in Shanghai yesterday created a profound impression locally. It is feared that gunboats whose gauge permits passage up the Yangtze River might go as far as Nanking, thus generalizing the whole Sino-Japanese conflict.

Naval experts consider, however, that this would be impossible if the Chinese laid a few mines in the river.

WU TEH-CHEN BLAMED

(Domei)

CANTON, Aug. 12.—Claiming that the anti-Japanese movement was "spontaneous and provoked by the hostilities in North China," Dr. Philip K. C. Tyau, Foreign Affairs Commissioner for Kwangsi and Kwangtung, yesterday informed the Japanese authorities that he was unable to control the movement, Domei learned today from Chinese sources.

The anti-Japanese sentiment, the Japanese officials here said, is being fanned by Generals Wu Teh-chen and Yu Han-mou, respectively Governor and Pacification Commissioner of Kwangtung.

A charity hospital, managed by the Government-General of Formosa, was stoned by Chinese ruffians yesterday.

The Japanese officials charged that Chinese policemen are canvassing Chinese shops and urging the merchants to sell no goods to the Japanese.

NANKOW STATION CAPTURED

(Reuters Agency)

TOKYO, Aug. 12.—The capture of Nankow railway station at 9.30 this morning is announced in a Japanese report received here.

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The Shanghai Evening Post & Mercury, Thursday, August 12, 1937

**Nipponese Censor
Mails From China,
Propagandists Busy**

A Shanghailanders in Unzen writes that censorship on mail from China has been extremely heavy. Letters from Tientsin had been cut open, re-pasted, and delivered from 24 to 48 hours later than other mail.

"For a while, Shanghai newspapers were taboo," says the writer. "But now they allow them in, after they are sufficiently stale not to excite us. We are so full of pro-Japanese propaganda I can't imagine the true state of affairs."

A Kobe correspondent reports intermittent receipt of papers.

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Anti-Japanese Party In Nanking Steadily Moves Toward Assuming Control

Tokyo Sees Situation In Shanghai And Capital Becoming Increasingly Tense; Influence Of "Christian General" Seen As Dominant

CHINESE LEADERS FROM ALL PARTS OF COUNTRY BUSILY CONFERRING

TOKYO, Aug. 11.—With the "anti-Japanese war party" rapidly gaining strength in Nanking, the situation in Shanghai and Nanking is becoming tenser every hour, according to press reports received here this morning.

Led by General Feng Yu-hsiang, Vice-Chairman of the Military Affairs Commission, and supported by the "younger elements" within the Kuomintang, the "war party" is now overwhelming the moderates, the reports asserted.

The anti-Japanese elements, the Government, arrived here this afternoon from Kuling by plane. General Huang will interview General Chiang Kai-shek, President of the Executive Yuan, and other Government authorities to discuss the current situation.—Central News.

General Chiang Kai-shek, China's "strong man," influenced by the "war party," has "apparently" decided to face a head-on collision with Japan, one of the reports asserted. (Cont.)

Gen. Lung Hsiang

NANKING, Aug. 11.—General Lung Yun, Chairman of the Yunnan Provincial Government, who arrived here on Monday, went on an arduous round of conferences and interviews on the third day of his visit to the capital to-day.

Attending a Central Party conference for the first time, General Lung was heartily welcomed by members of the Central Political Council at a regular meeting this morning.

Earlier in the morning General Lung was received in audience by Mr. Lin Sen, Chairman of the National Government.

In the afternoon, the Yunnan Chairman had an interview with Mr. Wang Ching-wei, Chairman of the Central Political Council, and later called on Mr. Sun Fo, President of the Legislative Yuan, and the Vice-President.

NANKING, Aug. 11.—A number of prominent Nationalist leaders, including Mr. Wang Ching-wei, Chairman of the Central Political Council, and Mr. Sun Fo, President of the Executive Yuan, are expected to arrive here this morning.

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SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY

No. S. B. D. 7994/5

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WARNING AGAINST RECRUITING

Prosecution Threatened by
Los Angeles Official

Los Angeles, Aug. 9.

A warning to Lieutenant General Russell L. Hearn, once aide to Marshal Chang Tso-lin of China, that "anyone recruiting Americans for the Chinese or any other foreign Army will be prosecuted" was issued to-day by the Assistant District Attorney, Mr. Hal Hughes.

General Hearn's reported enlistment of a Foreign Legion to aid China against Japan was said to have brought several thousand applications from every section of the nation.

A Denial

Later to-day, however, General Hearn denied reports that he had been recruiting for the Chinese Army and warned against the use of his name by anyone soliciting funds for the Chinese cause.

The Chinese Government meanwhile was reported to have contracted for 20,000,000 gallons of American aviation gasoline at an estimated cost of \$175,000 and to be delivered at Shanghai "as soon as possible."

A dozen large tankers, it was estimated, would be required to transport the reported order, the largest in the history of the California oil trade. Mr. Robert Allen, President of the Pacific Petroleum Corp., was reported to have arranged the sale.—United Press.

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Shanghai Should Be Neutralized!

—An Editorial—

SHANGHAI NEUTRALITY became an extremely live issue in 1932, when from the Chinese point of view there "wasn't any such animal." On February 2 of that year we remarked under the heading, "De-Neutralizing the Settlement":

It is inevitable that the Shanghai Municipal Council should come in for bitter Chinese criticism because of the fact that Japanese forces have used the International Settlement as an operating base of military operations against Chinese territory.

There is no use in blinking the facts. From a moral standpoint the situation is indefensible. Supposedly neutral territory has been turned over to Japanese marines engaged in active warfare.

But we cannot subscribe to the view that the Council has permitted this either through ignorance of the significance of the move or through willingness to take sides. It will be a grave error if Chinese blame the Council for a turn of events in which the Council was a victim, not a conspirator.... The present happenings have demonstrated conclusively that while a united front by all internal defenders may protect the Settlement against outside aggression, the system heretofore prevailing is inadequate to cope with a situation where one or more of the defenders takes the role of aggressor.

The direct parallel between the historic situation of 1932 and the potential situation of 1937 is clear. On February 9 the then Mayor, General Wu Te-chen, said in a formal note:

"I have the honor to inform you that with reference to the failure of the Shanghai Municipal Council to restrain armed Japanese forces in their use of the International Settlement as a base of operations against Chinese troops in Chinese territory or even permitting such use to the said armed Japanese forces, I have on several occasions placed my earnest protest with the Shanghai Municipal Council....

I have the honor to state further that the Chinese Municipal Government also has on many occasions placed its earnest protest with the Shanghai Municipal Council....

faction", finding the source of this "legal right" in "the unique political status of Shanghai as a municipality, which has no exact counterpart in the whole world."

But that was 1937. Five years later no one was much inclined to throw his chest out over the Council's rights in this matter, for the situation swept over the city and over the Council like a tidal wave. As Mr. Ching-lin Hsia puts it in reviewing Professor William C. Johnstone's "The Shanghai Problem" in the current *T'ien Hsia Monthly*, "the theory of neutrality which Mr. Justice Feetham had helped the Council to defend collapsed like a house of cards", and Professor Johnstone is quoted as remarking:

"To summarise, the policy of Settlement protection and Settlement neutrality so carefully built up over a period of seventy-five years has become wholly inefficient as a result of the Japanese action in 1932. The safety of the Shanghai foreign settlements has been partially destroyed and to that extent their status has been modified."

Mr. Justice Feetham noted that "the practice has been adopted of recognising the neutrality of the Settlement and the Port of Shanghai in times of international conflict, both in the case of wars between China and other Powers, and in the case of wars between any of the different Powers...." (P. 48 Part II Chapter II) but this was, as indicated, before 1932; and 1932 changed everything.

This newspaper at the time of the 1932 Sino-Japanese hostilities made no strong a stand as possible to maintain the theory of Shanghai neutrality. But the impossibility of the situation at that very time joined with the lack of any real jurisdiction accorded to the Council as a result of the Japanese action in 1932 to bring about a change in the Council's attitude. The Council was then a weak and impotent body, and it was only a matter of time before it would be completely swept away and the Settlement would be a part of the Chinese territory.

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present situation are now being discussed, in hope that in some way the old position of Shanghai neutrality can be regained. There seems to be no difference whatever of foreign opinion in that respect, for foreigners living in Shanghai do not want any war invading Shanghai—a highly natural state of mind. But after 1932, no one can take any lofty moral position in the matter in view of Occidental acquiescence in Japan's use of the Settlement as military base.

In writing on this subject a few days ago (August 6) we pointed out that the Settlement authorities did not premeditatedly pick sides in 1932. The whole affair was simply one of those "just-happen" matters and if blame was to be attached to the Settlement authorities it lay chiefly in the failure to assume and to make public any clear policy of neutrality. Conscious of the Japanese participation in Settlement defense and of Japanese membership on the Shanghai Municipal Council, the authorities felt an explicable but unfortunate self-consciousness about disassociating themselves from their partners even though those partners had assumed a role as belligerents.

While we hope most sincerely that there may be no war in or about Shanghai, it is not too early to face the fact now that if hostilities do break out, the Settlement will find

itself in precisely the predicament it did before save with the important alteration that, as we said on August 6, it is an open secret that the Chinese this time will not regard Japanese-occupied territory north of the Creek as having any such "unique" status as was proclaimed in the Chairman's speech of 1927. They will not, that is, unless there can be a clear agreement in which both the Chinese and Japanese will join.

We feel it is decidedly to the interest of both parties so to join. There need be no pointing the finger particularly at any nationality in making a neutrality arrangement at this time; such an agreement should include the Americans, the British, and in fact every nationality in any degree interested in Shanghai. The pact would afford protection to Chinese lives and property here, shelter to Chinese refugees, and safeguard the lives and property of non-belligerent nationals of the party in conflict with China, as well as the rest of us.

Without it, Shanghai neutrality is deadlier than the proverbial door-nail. With it, the old-time fiction of Shanghai neutrality can become a guaranteed fact. There should be no delay in striving to achieve such an agreement which would be durable, not merely for the present emergency, but for all time that Shanghai retains its international status.

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President Lin Sen Speaks On Critical Situation

Says China Has Been Pushed To The Limit Of
Endurance And Responsibility Is Japan's;
Japanese Lives, Property Protected

NANKING, Aug. 10.—The significance of the policy of co-existence among the nations of the world was explained by President Lin Sen in his address at the weekly memorial service yesterday at National Government House.

Ever since the outbreak of the Lukouchiao Incident, President Lin said, the Government has consistently

adhered to the policy of peace. Repeated arrangements for the simultaneous withdrawal of troops of both sides were made, but the truce was always broken by the Japanese.

Utilizing the time gained by the negotiations for peace, the Japanese brought up reinforcements and completed all preparations for the attack on the Chinese, resulting in the occupation of Peiping and Tientsin. After the occupation of Tientsin, President Lin continued, the Japanese military systematically destroyed the institutions of learning and culture. They bombed the Nankai University and reduced it to ruins.

Recently, the Japanese have repeatedly made illegal flights over Chinese territory, and evacuated their nationals from China. All this shows that they are making active preparations for further aggressions against China.

The Chinese are seeking the preservation of their national existence. At the same time, they believe in peaceful co-existence with the rest of the world. China and Japan have the same culture and belong to the same race. They should co-operate with each other as far as possible and not try to destroy each other.

This idea, President Lin recalled, was also fully expounded by the late Party Leader, Dr. Sun Yat-sen, during his sojourn in Tokyo. But, unfortunately, it has not yet been comprehended by the Japanese.

Limit Of Endurance

Following the recent Japanese aggressions in North China, President Lin continued, China has been pushed to the limit of endurance. Should peace be abandoned, the responsibility will have to rest with Japan.

In coping with the national emergency, which is unprecedented in the history of China, the people must remain calm, so that their pursuits peacefully, maintain order, stabilize the currency, reinforce their efforts for the increase of the national productivity and do the part assigned them in accordance with the directions and orders of the Government.

The people should refrain from doing anything contrary to measures which are earnestly recommended by the Government.

President Lin Sen's address was broadcasted in the Press and reported in the various national newspapers in this country. He said that the Government will do its utmost to protect the lives and property of the Japanese in China.

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Small Exodus Begins From Native City

Hurried Departures Made Following Incident At Hungjao

FRENCH LIKELY TO CLOSE GATES

More Shops Moving Into Foreign Areas From Hongkew, Chapei

A miniature exodus from Nantac was underway yesterday.

For the past several weeks despite the fighting in the North and the big exodus from Chapel, the Native City, remained quiet. In fact, many of those who fled from Chapel and Hongkew moved into Nantao.

Late Monday night and early yesterday morning, the report went about that 10 Japanese warships had arrived from Yangtse ports. Some of the more timid residents whose nerves had been on edge during the past weeks of uncertainty started to move out.

This morning's papers carrying news about the Hungjao incident in which two Japanese and one Chinese were killed when the two members of the Japanese Landing Party attempted to go to Hungjao Airdrome added to the fears.

Throughout the day there was a small exodus from the Chinese city crossing over into the French Concession.

The number of loaded riches and carts, passing through the gates, however, was not large and was far below that of the Chapel flood of refugees last week.

Some 150 Leaving Chapel
Although there was a movement
from Nantao into the French
Concession, there was also a
smaller movement of people,
apparently Chinese and Hmong
refugees, who continued to move
with their animals into Nantao.

Despite the new Hungarian incident, the Chapel and Bungalow exodus did not happen yesterday, except for a few hours during the early morning.

[illegible]

Many of the North Szechuen Road cabarets are closing earlier because of the lack of customers.

Adding to the fears of the people in Nantao was the display of barbed wire entanglements and barriers in the various French police stations. Numerous of these barriers were displayed in the courtyard at the police station on Avenue Edward VII next to the Chung Wai Bank.

Word was passed around the Nantao residents that in case of trouble the gates on the Frenchtown boundary would be closed and the barbed wire barriers thrown up, thus preventing them from entering the concession.

Most of those seen moving yesterday had but a few suitcases and bags with them. Unlike the Chapel exodus of the past week, there were few cartloads of household goods.

This indicated that most of them planned to return to their homes later if the latest incident is settled peacefully and were not moving their household effects until later if the situation worsens.

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Export Of Rice To Manchuria Banned Order Issued by Maritime Customs Here

Control over shipment of food-stuff, placed by the Government authorities following the Lukouchiao incident, was further tightened yesterday when the Shanghai Customs in a notice, prohibited the export of rice abroad and Manchuria including Dairen.

The order yesterday followed notices during the past month which banned shipment of flour, wheat, and bran from this city.

Officials of the Shanghai Dealers' Association were of the opinion that the Customs order will have an effect in equalizing the rising price of rice in Shanghai.

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THE CHINA PRESS. WEDNESDAY, AUGUST 11, 1937

Itagaki Arrives

NANKING, Aug. 10.—(Central).—Heralding the commencement of major hostilities in North China, Major-General Itagaki, Chief of Staff of the Kwantung Army, has arrived in Tientsin, according to information received here tonight. His 5th Division is due to arrive in North China within the next five days.

Concentrating her major forces along the Peiping-Suiyuan Railway Japan will mobilise 14 divisions to North China, eight of which have already arrived. These "expeditionary forces" will either be commanded by Gen. Terauchi, former Minister of War, or Lt.-Gen. Koiso, Commander of the Chosen Garrison force.

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Japanese Operations Extending To Chahar; Peace Still Debated

BOTH SIDES WAIT GESTURE BY OTHER FOR NEGOTIATIONS

Chinese Willing To Carry Out Terms Of Truce Originally Signed On July 11 Following First Brush At Marco Polo Bridge

NORTH SKIRMISHES CONTINUE

AS the Japanese military operations in Hopei gradually extend to Chahar where some 3000 Japanese soldiers launched an attack on Tsaihoupao, west of Kalgan, yesterday, a deadlock on the question of who shall suggest the settlement of the North China crisis by diplomatic negotiations is holding up the possible peaceful solution of the latest Sino-Japanese dispute.

Despite the reported announcement by the Tokyo Foreign Office that Japan would be satisfied if the truce agreement reached on July 11 and 19 were carried out and despite the fact that Nanking authorities are prepared to fulfill the agreement reached on July 11 which they have already

approved, formal negotiations have not yet started. Mr. Shigeru Kawaguchi, the Japanese Ambassador to China, is remaining in Shanghai.

Meanwhile, according to reports from Peking, fresh clashes took place yesterday. The battle at Tsaihoupao, a station west of Kalgan on the Peking-Tientsin railway, lasted for several hours. The Japanese were in control of the station and the surrounding area. The Chinese were forced to retreat. The Japanese are now advancing towards Chahar.

At Peking, after the Japanese had taken control of Tsaihoupao, the Japanese Ambassador, Mr. Kawaguchi, is expected to leave for Nanking. The Japanese are now advancing towards Chahar. The Chinese are now in a difficult position. They are now in a difficult position. They are now in a difficult position.

with Ambassador Kawaguchi. Mr. Kato left for Nanking last night presumably to report on the results of his preliminary conversations. The Japanese are now advancing towards Chahar.

For the first time the Japanese of the Lukouchiao Incident, which resulted in the Japanese occupation of a major portion of the Peking-Tientsin railway, today announced that Japan is now in a position to settle the North China crisis.

China to settle the North China crisis. The Japanese are now advancing towards Chahar. The Chinese are now in a difficult position. They are now in a difficult position. They are now in a difficult position.

(1) the 20th Army shall tender apology to the Japanese Army, punish the responsible officers, and give an assurance to prevent further incidents of the kind;

(2) the Chinese troops at Lukouchiao and Lungwanmiao be withdrawn and replaced by Peace Preservation Units; and

(3) the "Blue Shirt" communist and other anti-Japanese organizations be suppressed.

General Sung accepted the terms on July 18 and carried out the provisions for an official apology when he called on General Kato that day. It was not until July 22 that the terms of the agreement were submitted to Nanking and approved.

Other Not Recognized In reference to the agreement of July 19, supposed to be signed by General Chang Shih-chung with the Japanese authorities, the Ta Kung Pao declared that the 20th Army has not formally recognized the accord. The agreement provided:

(1) Suppression of elements who obstruct the friendly relations between China and Japan;

(2) Thorough suppression of communists, and

(3) suppression of anti-Japanese organs, public bodies and movements, and essentially the anti-Japanese education.

The Ta Kung Pao admitted that the Chinese government has not formally notified the Japanese of Nanking's approval of the July 11 truce, causing a misunderstanding among the Japanese that the government was obstructing the local negotiations.

Japan must take immediate action to approach the Chinese government for an agreement on the principles for settling the North China crisis, according to the Japanese viewpoint. Another daily would see the driving point of the situation as a joint control, the Ta Kung Pao declared.

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AMERICANS URGE CHINESE TO PUT UP RESISTANCE

NANKING, Aug. 10.—(Central)—"American Friends of China" and Chinese residents in New York City have jointly urged the Chinese Government to resist foreign aggression in a wire received here.

The telegram was addressed to Mr. Lan Sen, Chairman of the National Government, Gen. Chiang Kai-shek, President of the Executive Yuan and Chairman of the Military Affairs Commission, and Madame Sun Yat-sen, widow of the Founder of the Chinese Republic.

The wire stated that at a meeting held in New York on August 4, they had decided that the Chinese Government be requested to immediately mobilize her armed forces to safeguard China's territorial and sovereign integrity.

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Huge Exodus Resumed

Huge crowds of refugees poured into the International Settlement last night, following a radio broadcast by a Chinese station describing the Hungjao Road incident. Between 7 p.m. and 11 p.m. nearly six thousand Chinese passed over the Soochow Creek bridges, bringing their belongings into the Settlement area. Many showed signs of having hurriedly collected whatever they could carry most handily, and to have evacuated their homes in Chapel, Hongkew, and Yangtzepoo with the utmost haste.

SHANGHAI MUNICIPAL
S. B. REGISTER

No. S. B. D. 79941

Date 12 8 1937

THE CHINA PRESS, SUNDAY, AUGUST 8, 1937

GRATITUDE

Editor, THE CHINA PRESS.

Sir:—I am sure that many Russians residing in Shanghai felt as I did on Friday morning when they read the article in THE CHINA PRESS announcing that some 300 Russians had volunteered their services to Japan in the present crisis just as they did in 1932.

China was one of the few countries which opened its doors to Russian refugees at the time of the Revolution and thousands of them came to Shanghai in order to escape the Bolshevik rule. As a matter of fact leaving Russia at that time was a matter of life and death to many.

We have been given every opportunity to earn a living and to live in peace under the Chinese law, and countless Russians are at present in the employ of Chinese firms and I have never heard of any discrimination having been made against them.

And now, when China is facing the most serious crisis in her history some of these same Russians are offering their services to an enemy nation.

It brings to mind that song of some twenty years ago: "Don't Bite the Hand that's Feeding You."

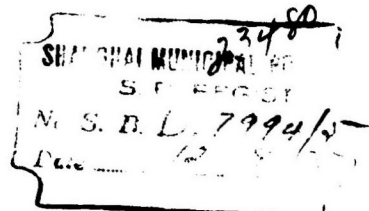
I would like at this time to call the attention of Russians who have within the past few years come to China from Harbin, a move made after the occupation of Manchuria by Japanese. Russians living in the northern city at that time welcomed the Japanese with bread and salt, the highest tribute we can pay a foreigner. What happened? It was not long before Russians holding important positions were dismissed, and those who were able to obtain work were paid on the basis of a coolie. Not only that. Today the rule of the Japanese is so strong it is difficult for Russians of the younger generation to leave Harbin, the Japanese seeking to hold them for service which may be valuable in war time.

Actions of the Russians in Shanghai in 1932 was a blot on the escutcheon of those of us who are seeking to live in peace here and in harmony with the Chinese people.

While there are 300 said to be seeking to aid Japan, I am sure that the great majority of White Russians would be proud to take up arms in defence of China should their assistance be required.

I should appreciate your publishing this letter in the hope that it may dissuade that small corps of vagabonds from actually participating in a war against China.

Yours very truly,
S. V. H.



THE SHANGHAI TIMES, FRIDAY, AUGUST 6, 1937

MAINICHI ENVISIONS RUSSIAN CORPS

Local Paper Says White
Russians May Fight
For Japan

"White" Russians, described by the Shanghai "Mainichi" as "executives of the Russian National League", met in conference on Monday to decide the organization's stand in case of a Sino-Japanese War.

Many expert machine-gunners and officers, who learned their military art during the Great War and Russian civil wars, were said by the "Mainichi" to have filed applications for permission to fight against the Chinese Army.

In this action, the journal asserted, the Russians were guided by a belief that in her present course China is being guided by the Comintern.

The "Mainichi" did not say with whom the applications have been filed.

The League, the daily asserted, has for the past few years been in constant contact with "various bodies in Japan," including the Russian Fascists in that country.

SHANGHAI EVENING POST & MERCURY
 S. B. D. 7994/5
 Date 13

The Shanghai Evening Post & Mercury, Tuesday, August 3, 1937

Foreign Legion Rumors Revived Again; American Barman Enlists

OPERA bouffe relief in the present grave situation both here and in the north is provided by renewed talk in the foreign community of a so-called Foreign Legion—or International Brigade—composed of foreign soldiers of fortune to fight with the Chinese troops against the Japanese. Whenever China goes to war, whether it be with Japanese, Mongols or among themselves, these rumors crop up, but never before have they been so persistent as today, with a major war looming on the horizon.

The only authentic instance of an enlistment in the Chinese Army of a foreign mercenary to come to the attention of the Evening Post thus far is that of one "Blackie" Wills, well-known in Shanghai as a bartender with a very virile physique and vocabulary.

"Blackie," who once tended bar in Blood Alley here and later went to Hankow to pursue the same vocation, is reported from the river metropolis to have thrown up his job dispensing drinks to become a machine-gunner with troops that have been despatched north over the Peiping-Hankow Railway toward Paotingfu. The report added that he holds a lieutenant's commission by virtue of past experience as a machine-gunner in France and elsewhere. Wills came to China several years ago as a seaman. Just where he is now no one seems to know, but supposedly somewhere in southern Hopei.

However, from several sources it has been reported in the past few days that Chinese agents speaking good English and with apparently considerable money to spend have been circulating around town, approaching foreign ex-war veterans

with tentative offers of similar commissions and a plan to organize a foreign brigade.

Most persistent rumor of all is that hot bloods among the local White Russian community have been attempting to organize a unit of Russian ex-soldiers, veterans of many a tough campaign in Russia and Siberia, to serve the country of their adoption against the Japanese. Shanghai is full of crack machine-gunners, artillerymen and cavalrymen, ex-officers, etc., of this variety, and the service of Russian mercenaries under Chinese generals is not uncommon in the recent history of the country, particularly in Manchuria. Bodyguards and watchmen consider themselves especially adapted, having in addition to experience a working knowledge of the language.

A report from Los Angeles today that 182 American pilots had enlisted in the Chinese service and that 304 had sought to enlist in the Los Angeles area alone prompted the U.S. district attorney there to warn that participation of American volunteers in a foreign war was a federal offense. Lieutenant-General Russel L. Hearn, claiming to be a former aide of General Chang Tso-lin, is in Los Angeles, allegedly in connection with the Chinese air force.

Bert Hall, American soldier of fortune, arms runner and pilot; One-Arm Sutton, Irish adventurer who once served Chang Tso-lin; General Cohen of Canton; these men and a score more—British, German and Russian—are the inspiration of a so-called Foreign Legion in China. It is recalled here that during the Shanghai fighting of 1932 there was much talk of such an organization here.

Handwritten notes and signatures at the bottom of the page, including "S. 1." and "4/8".

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY
No. S. B. D. 7094/5
Date

THE NORTH-CHINA DAILY NEWS, MONDAY, AUGUST 9, 1937.

Enlistment of Americans for China Service

Chinese Embassy Denies Any
Connection

REPORT OF BIG PURCHASE OF PLANES UNLIKELY

Washington, Aug. 8.

Chinese officials have no connection with the reported enlistments of American citizens in the Chinese Army, a spokesman for the Chinese Embassy said to-day. Dozens of letters have been received, however, each day from persons seeking to volunteer for service with the Chinese Army.

Senator Key Pittman of Nevada, in the course of arguments on a bill to ban pickets with banners from approaching foreign embassies and legations in this country, remarked to-day that Americans in the China "war zone" were confronted with a "desperate situation." The American Government, he added, "has been striving for a month to have both the Japanese and Chinese governments give our nationals safe conduct, but so far has not accomplished much."—United Press.

Mr. Hull's Stand

Questioned regarding Tokyo dispatches saying that Japan had received assurance that no recruiting for the Chinese Army would be permitted in the United States, the Secretary of State, Mr. Cordell Hull, said to-day that no representations had been made to the United States regarding the situation. He reiterated that the United States would enforce whatever laws affect such recruiting, equally against all nations.—United Press.

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FURTHER REFUGEES REACH SHANGHAI

Japanese Families Among
Those Leaving

DISAPPOINTED HORDES LEFT ON JETTIES

A large number of Chinese and Japanese refugees passed through Shanghai yesterday bound for, in the case of the Chinese, Yangtze river and Chekiang ports, and, in the case of the Japanese, Nagasaki, Kobe and Yokohama. Besides, thousands came into the International Settlement and the French Concession from the northern area, western Chapel and Nantao, and by rail from points on the Shanghai-Woosung Railway and the Shanghai-Nanking Railway.

Steamers, under British and Chinese flags, which left for Ningpo and Hankow again carried capacity numbers of refugees. The ss. Tuck Wo, of the Indo-China Steam Navigation Company, was delayed for several hours at Hunt's Wharf, Hongkew, and left behind hundreds of refugees on the wharf. Many families spread their bedding on the ground and on piles of stone on the jetty, waiting for better luck on subsequent boats. Food hawkers thronged the wharf to supply the needs of the hundreds camping there yesterday afternoon. On other jetties other hundreds waited.

Japanese families left in numbers for their home country, some being refugees from up the Yangtze River and others being from the North Szechuen Road district of Shanghai. More Japanese are expected to arrive from the Yangtze ports to-day, including many Hankow refugees.

The exodus from Hongkew, Chapel, Kashing Road, West Hongkew, Yangtszepoo, Kiangwan, and the western "outside roads" area continued heavily yesterday. It was estimated that during the morning hours alone more than 1,000 refugees on an average passed over the Soochow Creek bridges every hour. A steady stream of vehicles was observed in the afternoon.

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CONCENTRATION OF CHINESE TROOPS

Japanese Report Movement Along Hopei Borders

Tientsin, Aug. 8.

Heavy Chinese concentrations in southern Charhar and Shansi were reported in military intelligence dispatches reaching Japanese headquarters here to-day.

Spread along a north-westerly arc following the Charhar border with Hopei and Jehol were said to be troops belonging to the 89th Division. Their main points of concentration were reported as Hwalai, on the Peiping-Suiyuan railway about fifty miles west of Nankow Pass, Yenking, on the Great Wall, and Yungning, closer to the Jehol frontier.

Further to the north at Lungkwan and Chihcheng were reported to be forces of the 84th Division, while the 143rd Division was said to be concentrated at Suanhua on the Peiping-Suiyuan railway and Kalgan.

These movements, Japanese military authorities here contended, constituted a violation of the agreement for the demilitarization of areas adjoining Manchoukuo, concluded between Gen. Chin Teh-chun, former mayor of Peiping, and Major Gen. Kenji Doihara, former chief of the special service division of the Kwantung Army.

The Fourth Central Army was further reported to be digging-in at Siahwayuan and Shacheng also on the Peiping-Suiyuan line between Kalgan and Nankow Pass.

The 21st Division of the Central Government's Army was reported to be moving from Tatung, in the north-eastern corner of Shansi, to Pingtichuan, along the Peiping-Suiyuan Railway in Suiyuan.

The division numbers 15,000 men. Pingtichuan gained fame earlier this year as the headquarters of Suiyuan forces battling with anti-Chinese Mongol units and irregulars.

The 77th Division was reported to be already in Suiyuan, while the 86th Central Division was said to be in Tatung.—Domei.

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Exodus Slowing Down Despite New Incident, Brief Period Of Panic

Police Continue To Maintain Close Hongkew
Watch; Paoantui Said Active; Japanese
Allege Nationals Stoned

Despite the excitement caused by the incident at the Hungjao Airdrome yesterday evening, the exodus from the Chapel, Hongkew, Wayside and Yangtzepoo areas decreased during the past 24 hours. Only from 7 to 12 o'clock last night was there any sign of an increase when people streamed into the Sinza district in such numbers that it was impossible to count them. Most of them were travelling light, either having left in such panic that they forgot their possessions or else having sent out their goods earlier.

In the Hongkew area this morning police were making their rounds in patrols composed of one foreign sergeant, one Chinese sergeant and two Chinese constables. Although no official statement was made known, it is believed that some S.M.P. Specials were last night called out for patrol duty in Hongkew.

Metrists Stopped
Hongkew and Wayside pawnshop owners were this morning busy moving their valuables to places of safety in the French Concession and Settlement. Most of the shops were refusing to take new pledges, confining their business to redemption of pawned articles.

Metrists found it impossible to pass beyond Kiangwan Road last night, being turned by steel-helmeted members of the Shanghai City Police and Peace Preservation Corps who carried mauls and had bayonets fixed. Curfew passes were being issued, only persons armed with such permits being allowed to pass this point.

Truce Said Violated
Alleging that Chinese regular soldiers dressed in Peace Preservation Corps uniforms in order not to violate the Shanghai truce agreement have been holding nightly maneuvers and building fortifications at Kiangwan, the Japanese today gave indication that following the incident at the Hungjao Airdrome they may demand the withdrawal of the Corps from the Shanghai area if their suspicions prove correct. The activities of these disguised regulars are blamed by the Japanese for the exodus from Chapel, Kiangwan, Hongkew and the North Essohuen Road districts.

The Japanese hold that the situation in Shanghai is now worse than it was prior to the Sino-Japanese hostilities in 1932 and state that in addition to nightly maneuvers at Kiangwan, anti-Japanese feeling is openly manifest in Hongkew where Japanese residents are frequently pelted with stones. They are also finding difficulties in obtaining food supplies, it is alleged, and the community now remains indoors after dark.

Scare-Mongers Arrested

Two alleged scare-mongers are being held by the Chinese authorities, according to their report, this morning as they were seen to be spreading rumors in the French Concession.

students in Japan. Mr. Chen Chih-fu, left for Japan yesterday morning to supervise the withdrawal of students.

Japanese Ships Here

Japanese men-of-war arrived in port yesterday to add to the already imposing display of Japanese naval power, the vessels being the flagship Yaeyama of the Tenth Torpedo Flotilla and the gunboats Futami, Hozu, Toba, Tsuga, Kuri, Seta, Kotaka and Hira.

The Emergency Service for Soldiers of the Y.M.C.A.'s of China has launched a campaign to raise \$120,000 for supporting three bases to take care of wounded soldiers and do other war work with the Chinese armies. The drive for funds is to be nation-wide with general headquarters at the National Committee Y.M.C.A. building, 131 Museum Road.

Chinese To Leave Japan

The Ministry of Foreign Affairs is today reported to have decided to send a fleet of six ships to Japan to evacuate the Chinese populace there in the event the Sino-Japanese crisis develops into a major conflict. The overseas Chinese have already been instructed to concentrate in the coastal ports.

The ships will be those belonging to the China Merchants' Steam Navigation Company. Officials from the Wanchiaoapu will accompany the ships to Japan.

Japanese En Route

With the exception of Shanghai, the evacuation of Japanese nationals from river ports in the Yangtze Valley has been completed.

A party of Japanese in Kiangwan, it is reported, yesterday boarded a gunboat for Shanghai. From Hankow some 1800 Japanese nationals have been evacuated during the last few days.

It is learned that out of the total Japanese population of 362 in Nanjing, nearly all have left for Shanghai. Those remaining behind being a few employees of the Domei News Agency and staff members of the Japanese Consulate-General. The Domei group is reported to have moved from the city to Hankow, preparatory to evacuation following the imminent closing down of the news agency.

Police Heavy

According to another report, many Japanese merchants are leaving the city of Shanghai, and the Japanese Consulate-General is reported to be evacuating its staff.

The Japanese Consulate-General in Shanghai is reported to be evacuating its staff, and the Japanese Consulate-General in Hankow is reported to be evacuating its staff.

The Japanese Consulate-General in Shanghai is reported to be evacuating its staff, and the Japanese Consulate-General in Hankow is reported to be evacuating its staff.

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SHANGHAI'S ATTITUDE

Apart from the fact that many thousands of the Chinese population in Shanghai have precipitately fled their homes in Chinese-controlled territory and sought what they believe to be safer accommodation in the Settlement and Concession, there is a very welcome absence of what might be described as tension or alarm. From the police point of view, the behaviour of all sections of the community in these trying days of uncertainty as to the future of Sino-Japanese relations has been remarkably good and there seems to be a widespread realization of the fact that if Shanghai wishes to avoid anything comparable to the ruinous chaos which prevailed here in the early months of 1932 then it is entirely up to Shanghai people themselves to do so. It has been well pointed out that Shanghai is of international character and that in the event of the Sino-Japanese situation developing into the widely unhoped-for war this area ought to be strictly regarded on both sides as lying outside the territory over which any of that trial of strength would be waged. It is incumbent upon all—Chinese, Japanese and foreigners of all nationalities—to keep Shanghai not only inviolate against physical strife but also as free as possible of partisan ebullition and demonstration. Peace will be kept here only if good sense and judgment is shown, and the manner in which public behaviour has so far been controlled would seem to augur well for the future. The authorities of all areas are, we believe, doing all that lies within their power to check and discourage the growth of any movement which might be considered to lead to public display, and it is to be hoped that the non-official leaders of the communities will loyally co-operate with those authorities and lend no aid of any kind to misguided activities by patriotic bodies.

The calmness with which Shanghai is awaiting the outcome of Nanking's and Tokyo's efforts, and the spirit of co-operation which exists here has been well evidenced during the past week in the

financial market. When the clouds of war darkened towards the end of last week there were not a few people who, naturally, wondered what the future of the Chinese dollar was going to be and there was a fair amount of foreign currency buying. It would be an exaggeration to say that there was a rush to sell dollars, but there was a good deal of coverage done along the lines of prudent insurance against the possibility of an early and precipitate drop. Many merchants wisely decided that it was better to stabilize their exchange commitments as far as they could now rather than take a risk over two or three months. And so there was a good deal of foreign currency buying, which the Central Bank was well able to take care of, thanks to the support it received from the foreign banks. The nature of that support was not in the way of actual funds—of which the Central Bank is adequately possessed—but in the co-operative avoidance of encouraging anything in the way of speculation or of indulging in it themselves. With the Central Bank placed as it is to-day it is a valuable thing to have the foreign banks in Shanghai co-operating to keep things stable, and it is symptomatic of the calm with which Shanghai views an admittedly serious situation that there is in the financial and monetary realm a working together to avoid difficulty. So long as the Central Bank continues to function as it is now doing there need be no fears regarding the maintenance of the exchange value of the dollar, though of course everybody knows that if there develops a large-scale and long-drawn-out war the financial resources of this country will be taxed to the utmost and the recently-created structure threatened. But that is looking ahead to the worst possibility—not a very profitable or reassuring thing to do at any time. At the moment, there is no need for panic and the manner in which all concerned are refusing to display that negative symptom deserves tribute.

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SHANGHAI'S ROLE

There is still ground for hoping that by some adroit adjustment of their respective views, the Chinese and Japanese Governments will be able to come to an agreement which averts the peril of a major conflict. Both sides are taking steps to prepare for the worst. The Japanese evacuation of Hankow is not to be regarded entirely in that light. It has been accomplished with admirable dignity and with evident co-operation from the local Chinese authorities. Although, obviously, it must put a large number of Japanese citizens to inconvenience and distress which it would have been hoped that they could be spared, it may be inspired by a desire to ease the situation rather than to aggravate it. The Japanese authorities, it is true, are relieved of an obligation which might prove burdensome in the event of hostilities. They may, however, also be given credit for a drastic action which reduces to a minimum in Hankow the danger of any untoward happening prejudicial to the search for a peaceful solution of the main issues elsewhere. Here in Shanghai they are largely covered by the international status of this city, and, in addition, they have established with the Chinese authorities a good contact to which they have made valuable contribution by adopting measures calculated to promote restraint and maintain satisfactory relationships. Responsible Chinese, headed by the new Mayor, have shown their sense of the wisdom of a mutual forbearance. Other communities will assuredly desire to assist in this essential task and to do all that lies in their power to encourage the preservation of an atmosphere appropriate to Shanghai's specially delicate position. The chief duty of every Shanghaier at this critical time is to remember that his or her civic status is for the nonce of major importance. National feelings cannot be dragooned or suppressed but they should be directed into such channels as are compatible with the basic internationality of this important city.

Shanghai can do much to facilitate a peaceful settlement. It cannot—and should not—do anything to precipitate bellicose sentiments on either. The chief responsibility for determining the unfortunate differences which have arisen between China and Japan rests on the shoulders of the Central Government at Nanking and the Japanese Government at Tokyo. Shanghaier have a right to form and express their opinions thereon always remembering the limitations of their position and the international polity in which they live. The French Concession is under French, the International Settlement under International, and the City Government of Shanghai under Chinese control. The neutrality of the Concession requires no elaboration. The international character of the Settlement involves elements of Japanese and Chinese direction which has to preserve with the other national elements a corporate neutrality, using that term in the non-technical sense. The position of the Chinese municipality is not much different, for the agreement of May 1932 which brought to an end the Sino-Japanese hostilities of that year imposed on the Chinese authorities certain obligations which they are understood to have recognized, for keeping the area round Shanghai free of military commitments. It is important, then, without entering into abstruse questions of international law, to remember that Shanghai as a whole is international in its composition and should be scrupulously preserved from direct participation in such military activities as may, unhappily, accrue from the present crisis in the event of the efforts of the peace-makers proving unsuccessful. Chinese will do their best to maintain that point when the occasion arises, and the Japanese will do theirs. The result will be a peaceful settlement.

fellow-citizens. Each will do well to show tolerance of the other's point of view, especially as any contrary action would neither advance nor retard their respective causes and would certainly import into the situation here a complication which both countries would fain see avoided.

This prescription has been generally endorsed and the comparative quietness which has governed Shanghai's occasions during the last month does credit to Chinese and Japanese leaders alike. Now that the major issues under treatment at Nanking and Tokyo have developed in gravity it is natural that the predominantly Chinese population of Shanghai should feel the effects of certain patriotic appeals quite properly issued from the Central Government. It is highly important, however, that severe discrimination should be brought to bear on the manner in which response is forthcoming. What may be most creditable and, indeed, imperative in purely Chinese territory may, in the peculiar circumstances here, be open to valid criticism, as calculated to impair Shanghai's neutrality. Leaving out of account the domain of the City Government which may be expected to continue along the lines so sagely prescribed by its Mayor in the exercise of his authority under the National Government and with due regard to the obligations under the agreement of May 1932, already cited, it should at once be observed that in the International Settlement—as also in the French Concession—there can be no toleration of activities which connote direct participation in hostilities between China and Japan, either present or prospective. However correct may be the organization of "anti-

aggression" associations outside Shanghai it cannot be attempted without involving beligerent responsibilities. In Shanghai, therefore, it is incompatible with the state of neutrality which all communities do desire to maintain here. To humanitarian efforts for red cross work, relief of war victims and the like, the same objection cannot be maintained. So long as there is a possibility that peace will prevail and that Tokyo and Nanking will eventually solve their difficulties without recourse to major hostilities, it is proper for Shanghai, with reasonable attention to international courtesy and fairness, to form and express opinions. Raging, tearing propaganda, from whatever side, should be eschewed, if only on the practical ground that it is least conducive to the common aim of restoring stability. If, unfortunately, peace should not prevail, Shanghai, in its own interests which, incidentally, are those of China as well as of Japan and other foreign powers, will then be well-advised to concentrate on the cultivation of neutrality and address itself to the problem of the conflict in an objective frame of mind. Whatever may be the outcome of the crisis, Shanghai cannot serve itself or the two principals to the dispute better than by adopting a rigid line of neutrality and so preserving its resources, both moral and material, for the beneficent work of reparation when the occasion comes.

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1,000 Stitch Belts

To the Editor of the

"NORTH-CHINA DAILY NEWS"

SIR,—We read in the papers that the Chinese are making every effort to keep peace in Shanghai and that the Japanese are also doing their part.

On Sunday we went to the Hongkew market and were very surprised to see crowds of little Japanese girls stopping every Japanese woman who was making purchases to put stitches in their "1,000 stitch belts" which they carried. Is this not war propaganda? There is nothing to prevent the Japanese children doing this in their homes or schools, but in a public place which is crowded with Chinese, is this wise? Should one of these children be hurt accidentally while interfering with the sale of goods in the market, there would be another "incident." Should not the Japanese authorities do something to stop this practice?

SENSIBLE.

Shanghai, Aug. 9.

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CHINESE SOLDIERS NEAR SHANGHAI

Nightly Manoeuvres Said
Being Held On The
Outskirts

VIOLATION OF THE 1932 TRUCE ALLEGED

TOKYO, Aug. 9.—Chinese regular soldiers, dressed in Peace Preservation Corps uniforms to abide by the terms of the Shanghai truce agreement, are now engaged in building fortifications at Kiangwan, outside Shanghai, the Navy Ministry was advised to-day by the office of the Naval Attache to the Japanese Embassy in China.

These "masqueraders," the report alleged, were engaged in nightly manoeuvres in the northern outskirts of Shanghai, an area demilitarized by the truce accord of 1932.

These activities, the dispatch went on, has caused Chinese to evacuate in large numbers from Chapei, Kiangwan, Hongkew and the North Szechuen Road districts. Indicative of the acute tension existing in the city, the residents of the Yangtze-poo district are also evacuating their homes for the first time in recent history.

Japanese residents living outside of the Settlement, the report said, are moving in. The Japanese community in Shanghai, the report added, are experiencing difficulty in obtaining foodstuffs because of the refusal of Chinese dealers to sell to Japanese nationals.

There were several instances of Japanese being pelted with rocks, the report said. Consequently, the Japanese community remains indoors after darkness. Most of the amusement centres in the Hongkew District were said by the report to have been closed.—Domei.

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Failure Of Bank In Crisis

Bond Speculation And
Heavy Withdrawals
Said Cause

Reported as another victim of speculation in Government bonds, the prices of which have suffered violent fluctuations as a result of the developments in North China, the Shanghai Mercantile Bank, Ltd. of 100 Tientsin Road, closed its doors yesterday with a reported indebtedness of about \$1,000,000.

Established 12 years ago, the closed institution had a good footing when it was first started with a small capital of only \$300,000. After a few years the capital was increased by \$200,000. Again in 1933 \$250,000 was added to the capital. The bank had been doing good business since then and the annual turnover was said to have amounted to nearly \$2,000,000.

At a meeting held on Sunday night, the directors of the institution decided to close the business. A lawyer and an accountant have been employed to handle the liquidation procedure. Directors of the bank will hold a meeting on August 30 to discuss their position.

The recent losses sustained by the bank were further aggravated by the fact that during the past few days many customers went to the bank to withdraw their deposits. The sum thus taken away amounted to \$300,000, it was stated.

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Bank Hit By Crisis, Decides To Close Doors

Influenced by the tense situation and slackening of business, the Shanghai Mercantile Bank, Ltd., 100 Tientsin Road, suspended temporarily its public transactions as from yesterday, according to resolution passed in an emergency meeting of the board of directors and stockholders held late Sunday night.

The bank, which is one of the members of the Shanghai Bankers' Guild, has been conducting steady and prosperous business within the last few years until recently when the current deposits department became hard-hit by the crisis, which is chiefly responsible for the temporary closing.

It was also resolved at the conference that a general meeting of all shareholders of the bank will be held on August 30 to discuss measures for the carrying on of public transactions within the shortest period.

The Shanghai Mercantile Bank, Ltd. was inaugurated right before the world's economic depression. In 1932 the bank was formally opened for commerce and savings, with a capital of \$300,000, Chinese currency. In 1930 all its stocks and bonds reached an amount of \$20,000, making a total asset of half a million dollars. In 1933 it mounted to the \$750,000th mark.

Official notice concerning the temporary closing of the bank was made through Lawyer Wu Ling-run and Accountant Pan, Hui-lun.

Boatloads Of Japanese Here From Yangtze Ports

Nearly One Thousand Men, Women And Children
Reach Shanghai Yesterday; Story Told Of
How Hankow Was Hurriedly Evacuated

Escorted most of the way down the Yangtze by five warships, the s.s. Fengyang Maru arrived in port yesterday morning bringing with her hundreds of Japanese refugees from Hankow and other up-river towns.

The ship presented a pathetic sight on her arrival, as every foot of her deck space was crammed with unhappy men, women and children.

Yesterday afternoon, the refugees held an extraordinary meeting aboard the steamer and passed the following resolution:

"We, the Japanese residents of Hankow, have left our homes in accordance with the Government's orders, leaving behind our private and public property.

"We express hereby our hope that the Government will continue to protect Japan's vested rights and interests in this country, doing away with the anti-Japanese sentiment pervading China."

Tears In Hankow

As the Fengyang Maru and the Hsinyang Maru left Hankow on

Saturday, many a tear was shed by the refugees who were leaving their homes and possessions behind, a Domei correspondent aboard the Fengyang Maru reported.

When the ships steamed by the Kiangyin ports, they were escorted by destroyer Kuri, mine-layer Yasuyama, and gunboats Seta, Hira and Otaka. Searchlights blinked at the forts and played on the sides of the little fleet, but no foreign sound disturbed the silence of the night.

Most of the refugees slept on the deck. Forced to leave Hankow on a 20-hour notice, the refugees had few utensils with them and not infrequently people were seen by the Domei correspondent eating out of wash basins.

Over Nine Hundred

The Fengyang Maru brought here 870 refugees, of whom 286 were women and children. The Hsinyang Maru brought 236 passengers.

Rear-Admiral Umataro Tanimoto, Commander of the Eleventh Flotilla, also arrived here aboard his flagship, the mine-layer Yasuyama.

With a passenger list of 36, 20 of whom were refugees from Wuhu, the Jangyang Maru docked at the O.S.K. wharf at 6 o'clock yesterday morning. The party was headed by Consul Keiji Okabe and Mr. Masajiro Nishikawa, President of the Wuhu Japanese Residents' Corporation.

Also aboard the vessel were 11 refugees from Tayeh, one from Nanking, one from Chinkiang, and three Japanese students touring the Yangtze valley.

Other Boats Arrive

Two hours later, the Juiyang Maru pulled in with 38 refugees from Kiukiang, headed by Mr. Dairyo Hayashi, chancellor of the Consulate in the port, and Mr. Kasuji Takahira, President of the Kiukiang Japanese Residents' Corporation.

Still later in the morning, the s.s. Loyang Maru brought here 11 refugees from Hankow.

The total of refugees from the Yangtze ports to reach Shanghai yesterday was 961.

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THE CHINA PRESS, MONDAY, AUGUST 9, 1937

**Withdrawal Of German
Army Advisers Denied**

NANKING, Aug. 8.—(Central).—A recent report circulated by a foreign news agency that the Reich Government was contemplating the withdrawal of German military advisers to China was without foundation. It was stated in authoritative German quarters here today.

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THE CHINA PRESS, MONDAY, AUGUST 9, 1937

Japanese Send Out Patrols , Cause Excitement In Chapei

Chapei, gripped by scares during the past fortnight, was again thrown into a panic last night when some 20 armed patrols of the Japanese Naval Landing Party crossed the Woosung-Shanghai Railroad line and marched into the Chinese area.

The incident, which happened at 11 o'clock, prompted the Chinese police and Peace Preservation Corps authorities to take precautionary measures.

Normality, however, was restored to the area adjoining the railroad line by midnight when the Japanese patrols returned to their barracks on Kiangwan Road.

The reason which prompted the Japanese naval authorities to send their men into the Chinese area was unknown last night. Chinese police authorities informed *The China Press* that such a procedure was unusual, as unless in the case of an emergency, the Japanese naval authorities recently have never dispatched armed men across the railroad line.

The district which formed the locale of last night's tense situation is near the Wangang Creek, some 800 meters north of the railroad tracks. Armed Japanese bluejackets for about 30 minutes patrolled the bridges and the immediate vicinity of the creek.

As a result of the mysterious movement of the Japanese, Peace Preservation Corps and the Greater Shanghai police details were called out. Sentries were placed along Paoshan Road, Hsin Paoshing Road and in other Chapei streets.

The situation remained tense until shortly after midnight, when information was received that the Japanese had withdrawn their patrols.

Chinese residents of the area, who have been moving into the Settlement and the Concession during the past two weeks, again swelled the volume of the exodus as a result of the tense situation. Up to an early hour this morning, many residents were moving their belongings out of the area.

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War Looms As Japanese Evacuate; Peace Hopes Dim; Conflict Expected

JAPANESE TROOPS OCCUPY PEIPING, SHIPS DUE HERE

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"Our Enemy The Lawless Chinese Army," States Military; Kawagoe Abandoning Nanking Trip; Japanese Heading North For Nankow Pass

Nanking Preparing For Air Raids

MAJOR hostilities on a wide front between Chinese and Japanese forces will break out sometime this week, observers in Tokyo, Shanghai and Nanking expected today.

The evacuation of the entire Yangtze Valley by Japanese communities, and the virtual severance of Sino-Japanese relations in the past few days, are taken as the signposts pointing to the crisis, a large number of reports from Japan and major Chinese centers indicate.

TROOPS ENTER PEIPING

Japanese troops entered Peiping yesterday, and today China's ancient capital was under complete Japanese military occupation, Japanese reports here state. The military command made a lengthy statement there last night warning against interfering with its "tactical operations."

"Regardless of whether such parties are individuals or organizations," the announcement read, "violators of this injunction shall be dealt with according to law, without hesitation."

"Our enemy," it added, "is the lawless Chinese army. To crush it constitutes a step towards the establishment of lasting peace in East Asia." In conclusion the statement urged the people of Peiping to remain calm "except under a temporary feeling of concern."

FLOTTILLA COMING HERE

The Eleventh Japanese Fleet Flotilla of the Japanese Navy is concentrating in Shanghai this week. Three vessels are already here, and the remainder of the evacuating naval craft from the Yangtze will arrive this morning, these being the destroyers Tama, Kikyo, and Kikyo.

The flagship of the fleet, the mine-layer Yamashiro, and the gunboats Hama, Kikyo, Toba, Fubuki, and Kikyo are due to arrive soon.

The situation has been aggravated constantly since the July 7 Lukouchiao Incident, and there have increased fears of a grim and lengthy conflict.

REMARKS REMAINS

Mr. Shigeru Kawagoe, Japanese commander in China, who arrived here yesterday, is expected to make a statement and officials of the Japanese Navy, the Japanese Army, and the Japanese Ministry of Foreign Affairs are expected to make statements.

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JAPAN FORCES MOBILIZED

Beyond this, Mr. Kawagoe had no public statement to make. He has been very busy since his arrival in conferences with Japanese officials at his Route Pichon residence.

Tokyo reports through Reuter state that convinced that the Western Powers will not in any way interfere, Japan, it appears, is mobilizing large forces to carry out "the drastic surgical operation needed fundamentally to remove the menace to 'Manchukuo.'"

HANKOW SIGNS OF HURRIED DEPARTURE

(Reuter's Agency)

HANKOW, Aug. 9.—A general feeling of relief has descended upon Hankow following the evacuation of the Japanese Concession here by Japanese armed forces as well as residents.

The last detachment of Japanese blue jackets left yesterday, completing the withdrawal, which was carried out smoothly and without a hitch.

A force of 60 Chinese police have now entered the Concession, in accordance with the request made by Japanese Consular officials, to safeguard Japanese interests and property.

The transfer of administration is only a temporary measure which, it is presumed, will be removed when the North China "incident" has been settled.

ONLY ONE ENTRANCE

For the time being there will be only one entrance to the Concession, and it will be open daily only from six in the morning until seven in the evening. All persons entering or leaving are liable to be searched.

The Japanese area presented a desolate and somewhat pathetic picture when Reuter's correspondent toured the place.

There were signs everywhere of hurried departure, such as half-finished meals on tables, open and bare cupboards, and floors strewn with refuse. Many Japanese did not even bother to lock up the doors of their houses.

Meanwhile, foreigners living in outlying districts are returning to their homes, which they had previously evacuated.

CHIH LEAVES FOR TONGSHAN

(Domel)

TIENTSIN, Aug. 9.—Mr. Chih Tsung-mo, acting chairman of the East Hopei Autonomous Government, left at 8:20 o'clock this morning for Tongshan where the new seat of his administration will be located. He was accompanied by about 15 officials.

REFUGEES REACH MOJI

(Domel)

MOJI, Aug. 9.—Carrying 307 Japanese refugees from Shantung, the Osana Shosen liner Taishan Maru arrived here from Tsingtao early today.

On the roofs of various Government buildings could also be seen hooded anti-aircraft machine guns.

CAMOUFLAGE WORK

Painters were feverishly engaged in obliterating landmarks by covering with neutral colors the roofs of various structures.

The Chinkiang and Kiangyin fortresses are also fully manned, with 15 aircraft assigned to defend the latter which is reported to be the best in China.

Anti-aircraft detachments are also understood to have been posted at Wusih.

NANKING FEVERISHLY PREPARING

(Domel)

NANKING, Aug. 9.—With the evacuation of Japanese residents in upper Yangtze ports regarded with apprehension by Chinese officialdom, the capital today rushed anti-aircraft defenses.

The wholesale withdrawal of Japanese from the interior of China, a step which was not taken even in the tense days of the Manchurian and Shanghai conflicts, is considered by Chinese here as an indication that the Japanese armed forces will subject Nanking to an aerial bombardment in case of widespread hostilities.

PLANES GATHERED

One hundred first-line aircraft, Domel learned, have been concentrated near Nanking in the last few days, many of the planes being recalled from concentration areas further north.

The hills around Nanking today formed a brilliant ring of anti-aircraft guns. Particularly heavy batteries were seen on Mt. Shuang Hsi and the Shuang Hsi.

END OF JAPANESE EVACUATION

TSINGTAO FOREIGNERS LEAVING

TSINGTAO, Aug. 9.—Not only the Chinese, but the foreign visitors are hastening to depart from here as fast as steamer room becomes available. British subjects have received warning from the British Consul to be ready and leave, and Americans have been informed that in case of emergency they will be taken aboard an American cruiser. The boys at the Y.M.C.A. Camp will be removed to an American warship if there is necessity.

Nanking Stands Fast

According to an unconfirmed Nanking report, Mr. Kawagoe may leave for the Chinese capital tomorrow. It is understood that the Chinese government will not refuse to enter into negotiations with the Japanese ambassador but is standing pat on the four minimum conditions laid down by General Chiang Kai-shek in his momentous Kuling statement of last month.

Meanwhile, Chinese reports continue to insist that Japanese armed forces, having already occupied Peiping and Tientsin, are now heading for Nankow, the Great Wall pass along the Peiping-Suyuan Railway. Japanese troops also are said to be arriving at Tsingtao, causing increased pessimism in Nanking circles over the prospects of a diplomatic solution of the North China situation.

Clash In North

A minor clash occurred between Chinghai and Liangwongchuan along the Tientsin-Pukow Railway near Tientsin yesterday. The clash, started at 5 p.m., ended two hours later with the Japanese forced to retreat to Tulluchen, it is claimed.

The conference of highest military leaders in Nanking continued over the weekend and today with Generals Chiang Kai-shek and Pai Chung-hai holding the spotlight. Official sources claim that the leaders show a marked harmony of opinions during the discussions on the Sino-Japanese situation.

A rumor originating in Japanese quarters that a coup was staged in Nanking during which General Ho Ying-chin, the war minister, was detained and Mr. Wang Ching-wei, chairman of the Central Political Council, had been murdered by "young officers," drew a prompt and emphatic denial from official Chinese quarters.

Leaders Arrive

More army leaders are joining the Nanking talk. General Lung Yung, chairman of the Yunnan provincial government, was due to arrive in Nanking by air today while General Tsi Ting-kai, field commander of the now defunct 19th Route Army, is leaving for Nanking tonight. Generals Li Chi-ssan, Chen Ming-chu and Chiang Kwang-nai, former leaders of the Fokien rebellion, are in Hongkong waiting for word to join the discussions.

Sixty armed Chinese policemen are now patrolling the Japanese Concession in Hankow for the first time in 20 years, since the concession was opened. Before their departure for Shanghai, the Japanese landing party members were alleged to have smashed all of the street lights Saturday night.

Streets Dark

When the Chinese policemen left the Japanese Concession, the streets were absolutely dark, it is said. A shouted "Red" was heard from the Japanese Concession, and a Japanese soldier was seen running towards the Chinese Concession.

August 4, according to belated reports. Before they evacuated, they are alleged to have attempted to set fire to their office building after locking four of the Chinese employees in an upstairs room. The fire was promptly put out by Chinese police.

Japanese Call

(Kuo Min News Agency)

NANKING, Aug. 8.—Mr. S. Hidaka, Counsellor of the Japanese Embassy, called on Mr. Hsu Mo, Political Vice-Minister of Foreign Affairs, at 3 p.m. yesterday. In the course of a 40-minute interview, diplomatic affairs concerning the two countries were discussed.

Mr. Fukui, Japanese Consul-General, also called on Mr. Tung Tao-ning, section chief of the Department of Asiatic Affairs of the Ministry, at 5 p.m.

Wang Gives Report

(Kuo Min News Agency)

NANKING, Aug. 8.—Dr. Wang Chung-hui, Minister of Foreign Affairs, at a meeting with the Central Government leaders last night, gave a detailed report on the attitude of the various foreign powers regarding the North China situation. He also reported on the wholesale evacuation of Japanese nationals from various parts of the country.

General Chang Chun, former Minister of Foreign Affairs and at present Secretary-General of the Central Political Committee, conferred with Messrs. Hsu Mo and Chen Chieh, Political and Administrative Vice-Minister of Foreign Affairs.

General Chiang Tao-pin, Minister of Interior, also conferred with Vice-Minister Chen Chieh concerning the coordination of work between the Ministries of Interior and Foreign Affairs.

Canton Women Act

(Kuo Min News Agency)

CANTON, Aug. 8.—The women of Kwangtung have decided to launch a savings campaign to secure \$100,000 to augment the Government's war chest.

Madame Yu Han-mou, wife of the Commander-in-Chief of the 4th Route Army, is at the head of the campaign with 200 teams captained by women leaders in various walks of life.

Each member of this Savings Army is required to save at least one dollar a month for the fund which will be remitted to the front.

23558

23556

Chapei Exodus

Thins; Tension

Slowly Easing

Refugees Still Packing
Vessels And Trains
Leaving City

JAPANESE NAVY DISPLAYS FORCE

North Communications
Maintained; Local
Japanese Calm

With the passing of the fateful 9th, Chapei and Hongkew residents breathed easier today and a marked falling off of the exodus was noted; most police districts not making reports. A steady but reduced stream of refugees continued to flow across Garden Bridge, however. Many Chinese believe that any adventure upon which the Japanese militarists embark must be launched on the 8th, 18th or 28th, hence it was to be expected that tension would be reduced today although shortly after midnight excitement was great along North Szechuen Road.

The Japanese made one brief display of military strength this morning when an armoured car with a marine manning the machine gun in the turret passed down North Szechuen Road behind a military motorcycle. After midnight yesterday no members of the Japanese Naval Landing Party were seen on the streets, but numerous Japanese male civilians were out and about, some of them touring Hongkew in a large limousine until near dawn.

Ships in Harbor

With the arrival of two Japanese destroyers from up-river this morning, there were today 11 foreign naval vessels in harbor. The Falkmouth, British sloop, which arrived from the north yesterday, left this afternoon, however, to return to the British China Fleet in northern waters.

There are now five Japanese warships here, and nine on route from up-river, forming the Eleventh Torpedo Boat Flotilla. The Tsuga and Kuri came in today to join the Idzumi, cruiser and flagship, the Ataka and Kataka, gunboats. The British cruiser Dundee, and destroyers Defender and Duncan are here besides the Falkmouth, all having arrived in the last few days. The USS Sumner is the only American naval vessel, the rest of the U.S. Asiatic Fleet being at Tsingtao and Chefoo. The flagship Augusta and destroyers have returned to Tsingtao from the Vladivostok cruise.

The British gunboat, HMS Duncan, and the French gunboat, Le Commandant Teste, are also in the harbor.

Japanese Refugees

In order to accommodate about 1200 Japanese men, women and children who have evacuated inland ports along the Yangtze, the Nippon Yusen Kaisha will dispatch two of its express liners from Shanghai on August 12.

Of the two ships, the Shanghai Maru alone will proceed to Kobe, while the Nagasaki Maru will turn back at Nagasaki to arrive here on August 15 sailing again the following morning.

Meantime, the influx of Japanese refugees began in earnest with the arrival yesterday of the Jangyang Maru carrying 29 Japanese men from Wuhu.

More Arrive

Following closely behind came the Yuankiang Maru with 66 from Changsha, the Loyang Maru with 11 from Nanking and the Juiyang Maru with 35 from Kiukiang.

All tied up at Pootung.

The bulk of refugees, however, reached her in two ships tying-up, respectively at Hongkew mail wharf and the O.S.K. Wharf.

They were the Fengyang Maru and the Hsinyang Maru from Hankow.

Local Japanese were cautioned against believing and relaying rumors regarding the situation in warnings published in the local Japanese press yesterday by the consular police authorities.

Navy Patrols

The Japanese Naval Landing Party gave new life to dying rumors of trouble when a patrol of some 20 armed men crossed the

Woosung-Shanghai Railway line shortly after 11 p.m. last night and marched into Chinese territory. Although the Japanese returned to their barracks by midnight, excitement among residents of Chapei and Hongkew was still at a high pitch long after midnight, crowds gathering along North Szechuen Road and discussing the state of affairs until this morning. The exodus usually slows up in the early morning hours, but it was increased early today as women and children left their homes north of Range Road and started the trek into the Settlement. No reason was given by the Japanese for their unusual action which brought about an increase in Chinese sentries along important Chapei streets.

The River Police and French Police have been called out on several occasions during the past few days to prevent frightened Chinese refugees from storming wharves and vessels in their frantic attempt to get away from a city which they no longer considered safe. Vessels capable of carrying 500 passengers have been crowded with 2000 people and delayed many hours in sailing. Vessels of the China Navigation Steam Navigation Co. and the San Pan S.N. Co. will increase their scheduled trips between this city and Ningpo in an effort to handle the demands for passage. Trans-Pacific lines with vessels running to South China are also reported round bookings. Hundreds of Chinese are still crowded into wharves and jetties awaiting accommodation.

Steamers bound for Japan yesterday were all filled with Japanese families and their belongings. Most of the refugees were from Yangtze ports evacuated by the Japanese, but a number of residents of the North Szechuen Road area were among those returning to the homeland. The exodus of Japanese nationals is expected to continue during the next week with all Nippon-bound vessels carrying capacity numbers of passengers.

Communications

Train and air communication between this city and North China remained curtailed today with the rain making Tsinan its terminal and the planes Tsingtao. The Blue Express from Tsinan was to arrive this afternoon at the North Station, probably a few hours behind schedule. Yesterday's Blue Express from the north arrived at 5 p.m., some 10 hours behind schedule. The north-bound express will, however, leave on time at 12 p.m. tonight. The O.N.A.C. plane service to North still made Tsingtao the terminal today. A plane left this morning with two passengers and the same plane is expected to return here this afternoon. There was no scheduled flight between Taiyuan and Hongkong today by the Eurasia Aviation Corporation.

Stern punishment against rumor mongers and publishers of "special extras" containing sensational but fabricated news today was ordered by the Garrison Commander's Headquarters for Shanghai and Woosung Areas. The "traitors," rumor mongers and plotters will be arrested and sent to the military

tribunal where severe sentences will await them, it is declared.

Many Throng Hangchow (Kuo Min News Agency)

HANGCHOW, Aug. 8.—Refugees from Shanghai are flocking to this city. All trains on the Shanghai-Hangchow Railway are crowded to capacity; more than a thousand people arrived here from Shanghai by rail yesterday. Special quarters for the accommodation of the poorer folks have been prepared by the Red Swastika Society.

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MISCONCEPTIONS

Mr. Yotaro Sugimura, the new Japanese Ambassador at Paris, has told a French journalist that Japan's objective in North China is essentially economic. The statement is accurate. Its sincerity cannot be doubted. It accords with the general line which Japanese apologists are taking in the endeavour to explain away the present crisis. It is argued that the anxiety of Japan to establish economic co-operation with North China, for the consolidation of the bloc composed of Manchoukuo, Korea and Japan, is being accentuated by Chinese provocation. The recent adoption of the "new concept", the conciliatory speeches of Mr. Koki Hirota and, especially, his immediate predecessor, Mr. Naotake Sato, and the moderation of Japanese actions in China during the last twelve months or more are cited to convict China of unresponsiveness. It is alleged that, permitted to develop national unity and to journey far on the road to economic reconstruction, China has betrayed symptoms of over-confidence in her own ability and so has been careless in handling relations with Japan. In particular it is alleged that "anti-Japanese" elements have been encouraged or, at least, not restrained. In other words Japan's moderation has been mistaken for weakness and, therefore, the operations in the North are reluctantly undertaken by Japan in self-defence. It is with no thought of territorial ambition that Japanese forces have bolstered up the East Hopei autonomous régime which has made contribution to economic co-operation by acting as a clearing house for an extensive smuggling or "special trade" organization designed to correct the asperities of the Chinese tariff. Although—as is shown by General Kiyoshi Katsuki's prompt appointment of a successor to Mr. Yin Jukeng as head of the East Hopei administration at Tungchow and by the creation of Peace Maintenance Commissions to govern the Peiping and Tientsin areas—Japanese control in Hopei is now a fait accompli, the contention is that the arrangement gives a beneficent framework to Sino-Japanese economic co-operation for the better government of North China.

This sort of argument would be more impressive if it were not vitiated by the actual facts of Japanese activities in North China and beyond since Sept. 1931. The short-lived "peace and order committees" created to give regional self-government just after the Mukden incident were commended in precisely the same terms as are now being applied to the "Peace Maintenance Commissions". It will be recalled that they failed because the compliance of the Chinese nominees invariably broke down before the provoactive scour of Japanese masterfulness. Judging from the names of the men chosen for the Honour of accepting Japanese orders in Peiping, Tientsin and Tsuchow, there is no reason to believe that these committees were any more successful than the previous ones.

spot. It is to be feared, therefore, that the effort to refute the general impression that, who ever fired the first shot at Marco Polo Bridge, the Japanese military have assumed the rôle of aggressor cannot be successfully attempted by academic concentration on Tokyo's oratory. Conciliatory speeches have their merit, but they avail little if they be not reinforced by action. It is more pertinent perhaps to note that General Kiyoshi Katsuki has disclaimed to echo the moderation of his superiors at Tokyo and, coming to "chastise the outrageous Chinese", he has matched his actions with his words, with inconvenient bluntness. Blindness in Tokyo to the fact that commendation of the "new concept" in Sino-Japanese relations has been consistently undermined by the astounding tactlessness and, frequently, arrogance of Japanese military forces in various parts of China has led to a complete misconception of the present crisis by Japanese who, in no sense, can be accused of any other desire than to deal with China in a spirit of friendly equality. That is the tragedy of the situation. It has been accentuated by ill-conceived propaganda by which the most trivial incident has been magnified for home consumption in Japan for the purpose of maintaining the theory that "anti-Japanese" sentiments and activities are chief attributes of Chinese occasions.

The main difference between the Chinese and Japanese Governments has, in the meantime, been ignored. Both are ready for economic co-operation, but China desires to have the political situation in North China defined before precise steps are taken to fulfil that common need. Japan does not see the necessity for this clarification but would proceed at once to enter into business agreements without the intrusion of political issues. There may be good ground for either point of view, but it seems to the detached observer that Japan is not doing herself justice if she thinks that the Gordian knot can be cut by the sword. Whether the reports from Nanking of an impending large-scale movement to engage the Japanese forces in combat will be justified by the event, may be left out of account for the moment. Let it be assumed that they are incorrect and that Japan will be able to consolidate her régime in the North while the Government of China seeks by the best means in its power to reconcile its people to the new demonstration of aggression's capacity for dominance of Chinese soil. Will it be seriously argued that the prospect of establishing basically friendly relations between Japan and China has thereby been improved? If it be alleged that the Chinese Government has not been sufficiently alert to perceive the good intentions of Japan's more "moderate" policy and so has given a new basis for the Japanese militarists to discredit that policy, the question to be asked is whether a real diplomatic effort has been made to bring about the settlement of the present crisis of Sino-Japanese relations.

tent, have given colour to the argument that forbearance has been mistaken by them for weakness, but does a great nation like Japan, in devising its policy, shilly-shally on such frivolous pretexts? If a policy be seriously contemplated are not there means to see that such casual threats to its success are relegated to their proper obscurity. Whatever criticism there may be of Nanking for the failure to grasp the urgency of the crisis as it emerged on July 7, Japanese taxpayers on whom must now fall the burden of supporting a costly expeditionary force have reason to complain of the muddling of Sino-Japanese relations by their soldier and statesmen. Not the least cause for complaint lies in the radical misconceptions of the situation forced upon them by official and semi-official pronouncements in Tokyo. Their diplomacy has not been given a free hand. It has been hamstrung by the militarists.

AMENDE HONORABLE

So extraordinary were the adventures of the young seaman, Sadao Miyazaki, that it is impossible not to sympathize with the authorities of the Japanese Landing Party in the predicament in which he placed them. Rear-Admiral Denshichi Okochi has made the amende honorable in a statement which by its frankness and courtesy disarms all criticism. The Shanghai Municipal Council and the City Government of Shanghai will no doubt recognize that to the full and appreciate the tribute paid by the Rear-Admiral to their prompt co-operation in the elucidation of the mystery which, for a short time, threatened to be an embarrassing incident at a time of exceptional strain. Miyazaki, apparently, was the victim of temptations which are often too accessible to the young service-man in Shanghai and was overcome by remorse. His inexperience and youth unfortunately led him to a desperate course of action which an older man would have probably eschewed. His conduct is obviously a matter solely for the consideration of his superior officers. Yet, as his escapade has become public property in a special degree, it may not be out of place to express the hope that whatever disciplinary action be necessary, he may eventually have the opportunity to retrieve his good name in the service, for, according to previous reports, his character and personality were favourably regarded until his sad lapse occurred.

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Nanking Organizing War Cabinet Including Reds, Tokyo Quarters Report

Chiang Said To Be Placed In Dilemma

Normal Relationships With Tokyo Seen As Solution

INTERESTING VIEWS OF THE TOKYO "ASAHI"

Japan's North China Policy Unanimously Approved By Lower House

TOKYO, Aug. 6.—Preparations are being made in Nanking for the organization of a war Cabinet in which Communists and the Popular Front will be represented, according to Japanese press messages received here to-day.

The Nanking correspondent of the "Asahi" reports that the Chinese Government will probably issue a virtual declaration of war against Japan.

Commenting on this, the "Asahi" says: "General Chiang Kai-shek is now in a dilemma: if China loses a war with Japan, the Chinese Government will be immediately replaced by a Communist administration, while if the Generalissimo attempts a peaceful settlement with Japan, he will certainly forfeit national sympathy and give a splendid chance to the Communists to increase their influence."

"The Only Way Out"

"The only way out," the journal contends, "lies in Nanking's return to a normal course of relationship"

Kuling May Be Seat Of Government

TOKYO, Aug. 6. — Transfer of the seat of the Central Government to Kuling or Kiukiang, should Nanking be endangered by new developments, was predicted to-day by the correspondent of the "Asahi," a leading metropolitan daily, in the Chinese capital.

Ultimately, he asserted, the capital might be moved to Sian, Shensi, or Chengtu, Szechwan.—Dome.

with Tokyo by resolutely checking the anti-Japanese tide which is now sweeping China."

Meanwhile, all Japanese women and children have left Nanking, from which the male residents are also withdrawing. The only Japanese male residents in Nanking now are members of the Japanese Embassy, the Japanese military and naval missions, and journalists.

Japanese press messages ascribe the heavy exodus of Chinese inhabitants from Nanking to "the popular conviction that the Chinese Government is determined to fight Japan, as manifested in the Government's orders for the withdrawal of all families of Government officials from Nanking, the requisitioning of motor-lorries, and elaborate air-defence measures."—Reuter.

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25503

Red Cross Work Organized On National Basis

**10 Mobile Units Being
Equipped To Take
Field Shortly**

**MORE MEDICAL
SUPPLIES NEEDED**

**250 Doctors Mobilized
Have To Direct
Hospital Work**

Two hospitals, each capable of handling 1,000 wounded soldiers, and ten mobile units, each able to become a base hospital caring for 1,000 wounded men, are being organized by the Red Cross Society of China and other associations.

This large-scale program which will furnish medical attention for some 12,000 soldiers was outlined yesterday to a China Press reporter by Dr. F. C. Yen, Superintendent of the Red Cross Hospital, who is also the head of many medical projects in Shanghai, including the big Shanghai Medical Center.

Because of the large-scale program, Dr. Yen emphasized the important part that the public can play in the work, especially in the contribution of much-needed medical supplies, especially cloth for bandages, cotton and gauze, and of money.

Medical Supplies Received

A Relief Association, including the Red Cross Society and other organizations, has been set up at 856 Sinza Road to receive contributions and to supervise the organization of these various hospital units.

Five of the 10 hospital units have already been organized and one has already been sent to the war front.

The unit organized in Nanking has been dispatched to Peking for service.

Three more have been organized in Shanghai and will be sent in a few days by rail at points on the Peking-Hankow Railway. One organized by the National Medical College in connection with the Red Cross Society will leave in a few days for the front. The Department of Public Health of the City Government and National Tung Chi Medical College, is also ready to leave.

The fourth unit, to be stationed at Wuchang, is being formed by the National Medical College and the Red Cross Society.

A unit organized by Tung Chi and the City Bureau of Public Health will be stationed at Kiating. The fifth unit, organized by the

250 Doctors To Be Mobilized

Each unit will have a staff of 25 persons, including doctors and nurses. Some 250 doctors will be mobilized in this entire program.

Much surgical supplies will be needed in this program, according to Dr. Yen. Contributions of cloth for bandages, cotton, and gauze will be greatly appreciated.

The materials contributed are being made into dressings by the members of the Chinese Women's Club and other volunteers every morning at the clubhouse. Other supplies, such as camp cots, flashlights, etc., are also greatly needed.

Contributions can be made in either supplies or money to the Relief Association, 856 Sinza Road.

An International Relief Committee to assist sufferers from the fighting in North China or elsewhere in the country has been formed in Shanghai. It was announced yesterday by the Chinese-Foreign Famine Relief Committee, 97 Jinkoo Road.

Both Chinese and foreign authorities and organizations will cooperate in this organization.

23504

TO ASSIST WAR VICTIMS

Editor,
THE SHANGHAI TIMES

Sir,—A meeting was held last night in the office of the Chinese Foreign Famine Relief Committee, 97 Jinkee Road, to consider ways and means of assisting in the relief work on behalf of the victims of the fighting in North China.

The following delegates attended this meeting, representing the Chinese Red Cross Society, the Swastika Society, the United Charitable Societies of Shanghai, the Chinese Catholic Church, the China Philanthropic Institution, and the Chinese Foreign Famine Relief Committee.—Messrs. Sung Han-chang, Chou Fen-loh, Wong I-ding, Wong Han-tze, Feng Yang-san, Father R. Jacquinet, Chu Ning-kong, Hans Berents, Koo Chi-sun, Li Dih-sie, Loh Pah-hong and others. Mr. Sung Han-chang presided, and he and Mr. Koo Chi-sun welcomed the delegates and explained the object to the meeting. After a full discussion, on the motion of Father R. Jacquinet, it was unanimously agreed to form an organization called the International Relief Committee, Shanghai, and with the co-operation of both the Chinese and foreign authorities and representative bodies here, to take suitable steps to render assistance to the sufferers from the fighting in North China or elsewhere.

This is no more than a report of the initial meeting, but further reports will be given to the press as plans develop.

WM. F. SOUTER.

Shanghai, August 6, 1937.

**EVACUATION PLANS
FOR CHINESE IN
JAPAN PUSHED**

NANKING, Aug. 6.—
(Central). — The Chinese
Government has reported-
ly decided to evacuate all
Chinese nationals from
Japan.

The decision was reached
recently after a joint meet-
ing of officials of the Min-
istries of Foreign Affairs,
Finance, Communications
and Overseas Affairs Com-
mission.

It is understood that the
China Merchants Steam
Navigation Company will
be instructed to dispatch
several of its large steam-
ers to Japan for the pur-
pose.

Concerned over the safe-
ty of the large number of
Chinese students in Japan,
Dr. Wang Shih-chieh, Min-
ister of Education, yester-
day called on Dr. Wang
Chung-hui, Minister of For-
eign Affairs, to discuss
measures for their with-
drawal.

3 More Provincial Chiefs Join In Nanking Parleys

**Ku Chu-tung, Ho Cheng-chun, Huang Shao-hsiung
Arrive In Capital; Liu, Lung Coming**

NANKING, Aug. 6.—(Central).—The number of high provincial leaders now in Nanking to interview Generalissimo Chiang Kai-shek in connection with the national crisis was swelled by the arrival today of Gens. Ku Chu-tung, Ho Cheng-chun and Huang Shao-hsiung.

Gen. Ku is Director of the Generalissimo's Provisional Headquarters in Sian. Gen. Ho is Pacification Commissioner of Hupeh, and Gen. Huang is Hupeh Chairman.

The three regional leaders were received by the Generalissimo shortly after their arrival.

Gen. Ku, who came from Chungking, reported to the Generalissimo on the reorganization of the Szechwan and Sikong troops now in progress, while Gens. Ho and Huang reported on measures now

being taken to maintain public peace and order in Hupeh.

Calls On Pui, Yen

Gen. Ho also called on Gen. Feng Yu-hsiang Vice-chairman of the Military Affairs Commission, Gen. Yen Hsi-shan, Pacification Commissioner for Shanai and Suiyuan, and Gen. Pui Chung-hsi, Deputy Commander-in-Chief of the Fifth Route Army in Kwangsi.

More army commanders from other parts of China are expected to arrive here within the next two or three days. Gen. Liu Hsiang, Pacification Commissioner for Szechwan and Sikong, and Gen. Lung Yun, Chairman of Yunnan, are coming on Aug. 9 by plane.

A Hongkong message states that Gen. Tsai Ting-kai, Commander of the former 19th Route Army, left the Colony this morning aboard the Empress of Japan for Shanghai en route to Nanking.

Accompanied By Tan

Gen. Tsai is accompanied by Lieut.-Gen. Tan Chi-hsiu, defender of the Woosung Forts during the Shanghai hostilities of 1932, and Lieut.-Gen. Chen Kwang-han, former divisional commander of the same Army.

Others already here are Gen. Pui Chung-hsi, Deputy Commander-in-Chief of the Fifth Route Army, Gen. Ho Chien, Chairman of Hunan, Gen. Yen Hsi-shan, Pacification Commissioner for Shanai and Suiyuan and Gen. Yu Han-mou, Pacification Commissioner for Kwangtung.

Kwangsi Chairman Going

Gen. Huang Hsu-chu, Chairman of the Kwangsi provincial government, will come to Nanking next Monday, Aug. 9, to confer with the Central authorities and other provincial leaders on the national crisis.

This is according to Mr. Wei Jung-chang, Director of the Political Training Department of the Fifth Route Army, who arrived here from Kweichow today.

Generalissimo Again Sees Pui

General Chiang Kai-shek, President of Yunnan and Chairman of the Military Affairs Commission, called on General Pui Chung-hsi, Deputy Commander-in-Chief of the 5th Route Army, today to have another lengthy talk with the head of the North China situation.

After his arrival from Kweichow on Sunday, Mr. Generalissimo had a long interview with Gen. Pui Chung-hsi.

Szechwan Chairman Leaving

CHENG TU, Aug. 6.—(Central).—Gen. Liu Hsiang, Pacification Commissioner for Szechwan and Sikong, who originally planned to leave on August 9, has now decided to go to Nanking tomorrow by plane.

Gen. Liu will be accompanied by Mr. Teng Han-hsiang, Secretary-General of the Szechwan provincial government, and several other subordinates.

Gen. Lung Yun, Chairman of Yunnan, who at first planned to fly to Nanking together with Gen. Liu, will now leave for the capital on Sunday, August 8, via Chengtu.

Plane To Fetch Lung

SIAN, Aug. 6.—(Central).—The Eurasia Aviation Corporation's No. 21 plane, by order of Government authorities, today left here for Kunming to fetch Gen. Lung Yun, Chairman of the Yunnan Provincial Government, to Nanking to interview the Central leaders.

Air service between Lanchow and Suchow, operated by the Eurasia Corporation, will be resumed next week, the corporation's No. 20 plane having arrived here from Chengtu this morning to bring a number of staff members to Suchow.

Many Generals Returning To Offer Their Services

General Hsiao Cheng-ying, Former Tientsin Mayor,
And General Wen Arrive; T. V. Soong Is Back
From Nanking; General Tsai Arriving

General Hsiao Cheng-ying, former Mayor of Tientsin, who was recently sent to Europe by the Government to study military developments, and who rushed back to Shanghai yesterday by air in order to offer his services to the Government during the national crisis, failed to issue a written statement to the press last night, being overcome by sorrow over the death of one of his best friends in the battle of Peiping.

Immediately after his arrival here, General Hsiao stated that he was indignant about the situation in the North and that after one or two days' stay here, he would proceed to the capital to offer his services to the Government as a military

man. He promised to issue a written statement, but failed to do so last night as he received reports on the death of General Chao Den-yu, the late commander of the 132nd Division of the 29th Route Army, who lost his life in the battle of Nanyuan, Peiping.

General Hsiao arrived together with General Wen Ying-shing, former Commissioner of the Bureau of Public Safety in Shanghai, who accompanied Dr. H. H. Kung, as a military attache of the Coronation delegation to London. General Wen also wants to offer his services to the Government. He left last night for Nanking. General Wen is one of the few Chinese graduates of the West Point Military Academy.

Mr. Soong Returns

Mr. T. V. Soong returned here yesterday from a trip to Nanking, where he had conferred with General Chiang Kai-shek and General Pai Chung-hsi in connection with financial matters during the extraordinary period.

General Huang Chao-hsiung, Governor of Hupoh, who arrived here by air on Wednesday, left here hurriedly yesterday morning for Nanking, after learning of the serious situation in Hankow. In Nanking he will meet General Pai Chung-hsi, his old friend.

Mr. Chao Lu, member of the Standing Committee of the Central Executive Committee, and General Chiang Kwang-lai, former commander-in-chief of the 18th Route Army of the Chapei fame, are scheduled to arrive here tomorrow from Hongkong. General Tsai Ting-kai, former field commander of the same army, is delayed by illness. They will all go to Nanking to offer their services to the country.

Hirota Hopes Others To Join Anti-Red Pact

TOKYO, Aug. 6.—(Domei).—Foreign Minister Koki Hirota today told the Diet he "hoped" to "contact" Italy, France and Great Britain on their possible adherence to the German-Japanese Anti-Comintern Pact.

The statement was made in reply to a query put by Mr. Juso Miwa, of the proletarian Social Masses Party, as to whether or not the accord could be "developed into another Locarno Pact".

The Foreign Office, Mr. Hirota said in reply to another question, has received no reports regarding the conclusion of an agreement for the grant of a £20,000,000 loan to China by Great Britain.

Urged by Mr. Miwa to "entrust the diplomatic negotiations on the settlement of the North China incident to the custody of the people," Mr. Hirota said the Government would carry on the negotiations "with the assistance of the people and in accordance with their desires".

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THE SHANGHAI TIMES, SATURDAY, AUGUST 7, 1937

German political circles are contemplating the possible recall of German military instructors at present in China. If the present conflict were to continue, they believe, Japan might consider the presence of these men as unfriendly. Germany wishes to remain absolutely neutral, and although all German military instructors in China are there privately, they depend upon the Reich Government and are German citizens.

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Attempt To Buy Foreign Currency Causes Day Of Rush In Shanghai Banks

Many Said Seeking To Exchange Chinese Money For Foreign Banknotes; Financial Leaders Say That Fears Are Largely Without Real Foundation

BELIEF EXPRESSED THAT GOVERNMENT WILL MEET ALL ITS OBLIGATIONS

Many banks in Shanghai were facing a rather serious problem yesterday as their halls were crowded with depositors seeking to buy foreign currency. It was reported that there was an especially heavy demand for American currency, and along towards closing hour this had assumed such proportions that it was impossible to supply the required banknotes.

A number of prominent local bankers were interviewed by representatives of "The Shanghai Times" with regard to the situation and asked to express their opinion. It was generally thought that the majority of the buyers had been led to believe that the Chinese dollar was no longer safe and were attempting to exchange their holdings as quickly as possible.

The consensus of opinion among foreign financial leaders was to the effect that such fears were uncalled for and that the Chinese Government had given sufficient in-

dication that it would do everything possible to meet all requirements. The officials of several big foreign banks said that the insistence upon cash was evidently based on an unreasonable distrust and indicated a lack of understanding of the situation.

The Chinese banks in Shanghai are said to be faced with an increasing uncomfortable state of affairs which has gradually been taking hold since the outbreak of hostilities in North China. One well-known Chinese banking authority told "The Shanghai Times" yesterday that big native banks throughout the city were being called upon to close the accounts of many of their depositors of long standing.

Foreign Banks Anxious
The general practice on the part of those who have become alarmed over the prospects of the future

seems to be to withdraw money from the Chinese banks and head straight for some foreign bank in order to convert it into another currency. This has naturally worked an undue hardship on the Chinese banks, and, realizing this, the foreign banks are said to be doing everything possible to alleviate the tension.

One prominent Chinese banker who was interviewed here yesterday called attention to the fact that most of the banks had not been receiving deposits to any great extent since the beginning of the trouble in North China, and this, in his estimation, was almost tantamount to an actual withdrawal of cash.

All Chinese banks are said to be doing their best to assist each other through the period, and, as it was pointed out by one informant, the three official banks have shown a willingness to co-operate with various commercial banks, by accepting certain mortgages and paying for them in legal tender notes.

The thing which all foreign bankers are inclined to stress is the likelihood of a declaration of war, many indicating that during the last two days a feeling of greater optimism has prevailed with regard to this. Some called attention to the substantial reserves which the Chinese Government maintains abroad to protect the dollar.

The question is whether China would see fit to maintain these reserves if war were declared or use them outright for purchases abroad. There is no binding agreement which would prevent the Government from expending such funds as it saw fit.

Matters Of Policy
If a major conflict does come, such matters of policy will have to be thrashed out about the round tables of high finance, and, as it was pointed out, China will have to decide between damaging her credits abroad or availing herself of a sizeable war chest.

According to one foreign banker interviewed here yesterday, the Government financial experts had given "informal" assurances that there was no reason for alarm. A comforting factor in the current situation is the fact that the flight of capital has been relatively slight and has by no means been comparable to that which occurred in 1934-35.

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Refugee Hordes Pour Into City

Over 50,000 In Past
24 Hours Flee

Chapel

More than 50,000 refugees and their possessions from Chapel-Wayside, Yangtsipoo, Hongkew and the northern suburbs entered the Settlement and French Concession during the past 24 hours a steady stream of heavily laden trucks, rickshas, handcarts and even carrier coolies passing over the various bridges spanning Ssoohow Creek. The poorer refugees carried their possessions rolled up in blankets and travelled on foot, the women often with children strapped to their backs.

The municipal police report that 34,000 crossed the Garden Bridge during the 24 hours ending at 7 o'clock this morning, 9,000 passed through the Louisa district, 7,000 through Sines, 4,800 through West and 2,900 through Dixwell. It is believed that those passing through West Hongkew and Dixwell districts passed over the Garden Bridge and were counted there again, so that 50,000 is a fair estimate for the total.

Many Can Be Absorbed

The housing problem is becoming acute in both the Settlement and French Concession, but there is no danger of the power of absorption of these areas being strained for some time to come. During the 1927 fighting around Shanghai close to 1,000,000 refugees were taken in and sheltered. The number in 1932 was not less. Godowns, alleys, camps, P.W.D. yards, empty houses and all available waste grounds were filled with refugees. It is estimated that today hundreds of thousands can be absorbed easily. About 100,000 have now left Chapel.

This influx constitutes a serious problem for the health department as well as police force. When overcrowding becomes serious, the health department sends out squads to clean up alleys and takes necessary precautionary measures to prevent an epidemic.

The police are busy on the front netting electric wires which are strung across the streets in order to keep the refugees from looting the shops which prey on them. Other measures are being taken to keep the refugees from looting the shops which prey on them. Other measures are being taken to keep the refugees from looting the shops which prey on them.

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Tsai Ting-kai Warmly Greeted On Return Here

Leader Of Old 19th Route Army Pledges Self For Service Of Country

Returning to the city where he staged a gallant defense against the Japanese in 1932, General Tsai Ting-kai, former Commander of the 19th Route Army, stated that he is ready and willing to do his duty as a soldier during the present Sino-Japanese crisis.

Although General Tsai appeared to be as full of nervous energy as during his eventful stay in Shanghai five years ago, those who know him thought that he had aged considerably during the interval. Specks of white hair showed above his temple. His thin face was tanned.

General Tsai, who had been staying in Manila for sometime, decided to return to China following the outbreak of the fighting in North China. To pressmen yesterday the famed defender of Shanghai held that although he is not in active service at the present time, he wants to fulfill his duty as a soldier and as a citizen during the present crisis.

"I have always held that in the face of Japanese aggression, China should and must defend herself. At this time, I am the last person to change my belief and to escape from my duties. I am willing and ready to stand on the front lines and deal with the enemy," he told newsmen.

People Must Sacrifice

At this time, the Chinese people should maintain a calm attitude and do the duty along their own lines of pursuit, General Tsai explained. Like their Government leaders, the populace should follow the plans and orders of the highest military authorities of the country during the emergency, he said.

"People of every rank and profession must be united and ready for the supreme sacrifice in the fight for the existence and independence of the Chinese race. We must defend the country to the last man and last bullet. With that assurance and courage, the final victory will be ours," he pointed out.

General Tsai recalled that during his defense of Shanghai in 1932, a number of Chinese were tempted by large sums of money to become guides of the Japanese soldiers and supply food and other things to the Japanese troops. He warned that during a major war, this must not occur.

Coming on the Empress of Japan together with Gen. Tsai, in addition to several high officers of the Army, was Mr. Tsai Li, Chancellor of the

Sun Yat-sen University in Canton and member of the Standing Committee of the Central Executive Committee.

The 19th Route Army officers who accompanied Gen. Tsai were Lieut.-Gen. Tan Chi-hsiu, divisional commander and defender of the Woosung-Forts during the Sino-Japanese hostilities in 1932, Lieut.-Gen. Li Sheng-tsung, deputy divisional commander, and Lieut.-Gen. Yeh Shao-chuen, Director of the General Affairs Section.

In Foreign Suit

Two other divisional commanders of the Army, namely Lieut.-Gen. Shen Han-kwang, Commander of the 60th Division, and Lieut.-Gen. Chang Yen, Commander of the 49th Division, had already arrived in Shanghai a few days ago and were at the wharf today to greet their chief.

Dressed in grey foreign suit and in the best of health, Gen. Tsai was greeted at the wharf by a representative gathering of Chinese officials and friends, including Gen. Yang Hu, Garrison Commander of the Shanghai-Woosung Area, Gen. Tsai Ching-chun, Director of the Greater Shanghai Police Bureau, and representatives of Mayor O. K. Yui and Mr. T. V. Soong, member of the Standing Committee of the National Economic Council.

Interviewed shortly after arrival Gen. Tsai stated that he was going to Nanking to serve the National Government in the capacity of a retired army commander, now that the Central authorities were determined to resist further Japanese encroachments of Chinese territory.

Ready To Give Life

True to his policy that the best way to stop foreign aggression in China was armed resistance, Gen. Tsai said that he was ready to put down his life on the very first front-line of the battlefield.

All army men in China, whether in active service or retired, Gen. Tsai declared, should now come forward as one man to fight alien aggression shoulder to shoulder under the leadership of the nation's highest military command.

On the part of the people, Gen. Tsai continued, they should maintain an attitude of calm while discharging their respective duties in the rear.

The civilian point of view was expressed by Mr. Tsou Lu when he declared that like everyone else he was fully in support of the two declarations made by Gen. Chiang Kai-shek, President of the Executive Yuan, regarding the North China situation.

In the event of the outbreak of major Sino-Japanese hostilities, Mr. Tsou stated, China will be doing a last desperate task of preserving its independence and as a result will be able to maintain its position as a great nation.

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THE SHANGHAI TIMES, MONDAY, AUGUST 9, 1937

CHINESE ORDER FOR U.S. BOMBERS?

Japanese Report Not
Substantiated At
Washington

WASHINGTON, Aug. 7.—The report from Tokyo concerning a \$5,000,000 order from China for American bombers has not been substantiated by inquiries here.

It appears, from an examination of the records of the Munitions Board, that the report refers to the total value of exports of all planes, civil and military, to China during the last 18 months.

Since the Munitions Board began operations in December, 1935, American manufacturers have shipped to China 130 aeroplanes valued at \$4,651,575.

In addition, permits were granted last month for a total of \$293,226.—Reuter's American Service.

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AMERICANS OFFER SERVICES

Volunteers for China from
All Parts of U.S.A.

1,000 AVIATORS SAID TO BE INCLUDED

Los Angeles, Aug. 5.

Persons close to Lieutenant Russell L. Hearn, soldier of fortune and former aide to Marshal Chang Tso-lin in Manchuria, said to-day that the organization of an American brigade of aviators, infantrymen and artillerymen to aid China against Japan had exceeded expectations.

Seven thousand persons have already volunteered for service, the informants said. Most of those volunteering have been ex-service men.

Applications from individuals and groups are arriving from a score of cities and towns, including New York, Boston, Philadelphia, Cleveland, Newark, Los Angeles, San Francisco, Seattle, Jacksonville and Atlanta, they said. One Trenton, N.J., volunteer offered to bring fifty men with him. A Boise, Ida., physician offered to form a medical corps.

The brigade thus far is reported to include 1,000 aviators. Some of the volunteers have demanded salaries of U.S. \$500 monthly, while others have asked even more.

The Brigade has not offered specific pay, in order to avoid prohibition of its activities under terms of the Neutrality Act, which forbids "recruiting for hire."

Reports received here said that China had agreed to furnish equipment and munitions. It was worthy of note that Lieutenant Hearn for five years was on the staff of the "Old Marshal" and that he fled China when Marshal Chang was assassinated in 1928. Thus far the Bureau of Investigation of the Department of Justice has remained silent as to the activities of Hearn and the Brigade.—United Press.

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U.S. To Enforce Existing Laws On Recruiting

Japanese Action Against
Aid for China

SENATOR'S DEMAND

Withdrawal of Fifteenth
Infantry from Tientsin

Washington, Aug. 6.

Following conferences of Japanese diplomatic officials with the Department of State regarding alleged enlistment of Americans to aid China in the anticipated war with Japan, the Secretary of State, Mr. Cordell Hull, told the press to-day that the United States would enforce existing laws against recruiting for foreign wars.

It was understood that the Counsellor of the Japanese Embassy, Mr. Yakichiro Suma, in his conversation with Mr. Hull this week, called attention of the Secretary to the reported large-scale enlistments on the Pacific Coast, but did not lodge a formal protest.

The Japanese Embassy declined to comment on the situation, but the United Press learned that Japanese Consuls in California had investigated the reports of recruiting and had supplied their information to the Embassy before Mr. Suma acted.

It was worthy of note that prosecutions for foreign recruiting have been rare because of the difficulty of proving enlistment on American instead of foreign soil.

Pressing his demand for the withdrawal of American armed forces from China, Senator J. Hamilton Lewis, Democratic whip in the upper chamber, introduced a resolution to-day calling on the Secretary of War, Mr. Harry H. Woodring, to report to the Senate any reasons for maintaining the Fifteenth United States Infantry at Tientsin.—United Press.

Interpellations In Diet

Tokyo, Aug. 6.

Although little general interest was shown here to-day regarding the reported activity of Lieut.-Gen. Russell L. Hearn, American soldier of fortune, in recruiting a Foreign Legion for China, several members of the Diet interpellated the Foreign Minister, Mr. Koki Hirota, regarding the reports.

Mr. Hirota replied that he understood the United States was carefully guarding against such action. It was recalled that the Counsellor of the Japanese Embassy at Washington, Mr. Yakichiro Suma, had called the attention of the American Government to Hearn's reported activities. The populace here appeared convinced that foreign nations would remain aloof from any Sino-Japanese conflict.—United Press.

Danger to Friendship

Los Angeles, Aug. 6.

The Japanese Consul, Mr. Tomokazu Hori, to-day commented on the reported American enlistments for China by saying, "Thus far we have had only rumours. I may ask the District Attorney if that is enough or if we need actual evidence of the violation of the Neutrality Act. If evidence is not required, I shall later decide whether to request a Federal investigation."

Mr. Hori said that from the military standpoint seven thousand mercenaries, the number reported to have volunteered for service with the Chinese armies, was insignificant, but the enlistment might endanger Japanese-American friendship, "It could create ill will," Mr. Hori said, "and that is important."—United Press.

German Advisers May Leave

Berlin, Aug. 7.

German military advisers to General Chiang Kai-shek may shortly be withdrawn, it is reported to-day. The reason given is that their continued presence might be regarded as an unfriendly act by the Japanese.—Reuter.

Japan Returns Hankow Concession To China; Troops, People Depart

CONSUL OFFICIALS ALONE REMAINING IN TROUBLE SPOT

Ships Loaded With Nipponese Ready To Leave;
400 Bound For Shanghai; 4 Gunboats, 1
Mine-Layer Cover Evacuation Move

TOKYO ORDERS WITHDRAWAL

(Reuter's Agency)

HANKOW, August 7.—Acting on instructions from Tokyo, the Japanese Consul-General here has ordered the evacuation of all Japanese armed forces as well as civilians from Hankow by noon tomorrow.

Meanwhile arrangements have been completed for the taking over of the Japanese Concession by the Chinese authorities, who will in future administer and police the area.

The only Japanese national who will remain in Hankow after tomorrow will be the local Consular officials and others who arrived here from other ports up-river during the past ten days.

The Bund of the Japanese Concession is the scene of considerable activity as a result of the evacuation order. Japanese passenger steamers lying off the Concession are completely full with Japanese civilians, including many women and children, who expect to sail some time today for Shanghai en route to Japan.

400 BOUND HERE

No less than 400 Japanese women and children left the port yesterday in a steamer bound for Shanghai.

Also lying off the Concession are five Japanese war-ships—four river gunboats and one mine-layer.

Slight labor disturbances are feared when the Japanese close their cotton mills, but the Chinese authorities have promised to do their best to alleviate the situation.

All foreign residents living in the Japanese Concession and its vicinity were warned yesterday to evacuate.

HANKOW REMAINS TENSE

(Domest)

HANKOW, Aug. 7.—After a night of acute tension, Japanese residents today began an evacuation of their concession here in earnest.

Four hundred women and children, as well as 100 men, sailed on two Japanese ships for Shanghai this morning. The remaining 400 men will sail downriver on the s.s. Yoyang Maru tomorrow morning.

With Japanese women and children aboard the s.s. Hainyang Maru and the s.s. Fengyang Maru, and men seeking refuge on the N.K.K. hulk, the Japanese concession presented a deserted appearance last night. Japanese marines, ex-service men pressed into a volunteer unit and regular policemen manned sandbag and barbed wire fortification on the boundary. Across the roads leading the Hankowites with Chinese territory, were Chinese troops also manning barbed wire and concrete pill boxes.

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THE SHANGHAI SUNDAY TIMES, AUGUST 8, 1937

**Tsai To Reorganize
19th Route Army**

General Tsai Ting-kai, former field commander of the 19th Route Army who is due to arrive in Shanghai to-day from Hongkong on his way to Nanking, is rumoured to be planning to revive his army which was disorganised following the abortive rebellion in Fukien more than a year ago.

AMERICANS NOT TO LEAVE NANKING

Evacuation Story Is
Denied By Embassy
Second Secretary

NANKING, Aug. 7.—Rumours circulated to the effect that American nationals here will shortly be evacuated to Shanghai were denied by Mr. G. Atcheson, Jr., Second Secretary of the United States Embassy. No such steps have been contemplated, he said.

Mr. Shidaka, Counsellor of the Japanese Embassy, called on Mr. Hsu Mo, Vice-Minister of Foreign Affairs, at the Waichiaopu at 3 o'clock this afternoon. "Political Affairs" were said to have been discussed during the 40-minute interview between two officials.

Two hours later, Mr. K. F. Kui, Second Secretary of the Japanese Embassy, interviewed Mr. Tung Tuo-hing, sectional chief of the Asiatic Affairs Department of the Waichiaopu.

General, Chang Chun, Secretary-General of the Central Political Council, had a 15-minute conversation with Mr. Hsu Mo, and Mr. Chen Chieh, Vice-Ministers of Foreign Affairs, at 5 o'clock this afternoon.

This morning, Gen. Chiang Tso-pin, Minister of Interior, discussed co-ordination work between the Home Ministry and the Waichiaopu with Mr. Chen Chieh. -- Central News.

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JAPANESE CONCESSION AT HANKOW EVACUATED

All Civilians and Armed Force Out By Noon To-day:
Only Consular Staff Remain

CHINESE AUTHORITIES TO TAKE OVER

Move to Avert Any Outbreak of Incident: Departure
Does Not Mean Surrender of Concession

Hankow, Aug. 7.

THE Japanese Consul-General here announced to-day that, on instructions from the Government in Tokyo, all Japanese armed forces as well as civilians would be evacuated from Hankow by noon to-morrow.

Meanwhile, arrangements have been completed for the taking over of the Japanese Concession by the Chinese authorities, who will in future administer and police the area.

The only Japanese nationals who will remain in Hankow after to-morrow will be the local Consular officials and others who arrived here from other ports up-river during the past ten days.

The Bund of the Japanese Concession is the scene of considerable activity as a result of the evacuation order. Japanese passenger steamers lying off the Concession are completely full with Japanese civilians, including many women and children, who expect to sail some time to-day for Shanghai en route to Japan. No less than 400 Japanese women and children left the port yesterday in a steamer bound for Shanghai. Also lying off the Concession are five Japanese warships—four river gun-boats and one mine-layer.

Slight labour disturbances are feared when the Japanese close their cotton mills, but the Chinese authorities have promised to do their best to alleviate the situation. All foreign residents living in the Japanese Concession and its vicinity were warned yesterday to evacuate.

Both the Chinese and Japanese authorities here have expressed a desire to avoid trouble, and the withdrawal of the Japanese will naturally help to prevent anything untoward occurring.

Although entry into the Japanese Concession has been barred, Reuter's correspondent was able to make a tour of the area this afternoon. He was stopped on the border by Japanese sentries with fixed bayonets, but was allowed to pass after they had been satisfied with his

bona-fides. Everything in the Concession was quiet, but an air of activity prevailed as lorries laden with household goods sped to the wharves. Apart from house-moving vans, there was no traffic.

The tenacity of Sino-Japanese relations has been reflected here by the general slackening of business. All big contracts with Japanese firms have been cancelled, and, altogether, trade has suffered a severe setback.—Reuter.

Civilian Evacuation Completed

Hankow, Aug. 7.

All civilian Japanese, with the exception of Consular officials, left Hankow at 1 o'clock this afternoon for Shanghai. The evacuation was completed by noon to-day. The Japanese Consul-General, Domei, was informed by the Chinese authorities that the evacuation was complete.

The evacuating Japanese sailed by the Shinyo Maru and the Yoyang Maru. The gunboat Seta will convey the vessels to Shanghai.

The concession to-day presented a picture of feverish activity as the residents rushed their belongings to the warehouse of the Japanese Residents' Corporation for storage. Along the fringe of the Japanese settlement were marines, consular policemen and volunteers mounting a strong guard at the boundaries. Japanese private and public property will be left in the custody of the local Chinese authorities who will be requested to assume responsibility for its safe-keeping with a view to an eventual return to Japan after the present crisis is over.

The Japanese concession spent an anxious night as it was realized that Chinese troops in overwhelming numbers had the area surrounded on three sides. These Chinese forces, estimated at 10,000 men, this morning began cutting down trees along the boundary road. At the same time, another group moved into the adjoining former German Concession and mounted machine-guns on rooftops, overlooking Japanese defence positions at street intersections.

The order to all residents to store their belongings in the warehouse of the Japanese Residents' Corporation, which was temporarily remanded last night, again went into effect this morning.—Domei.

The Official Explanation

The evacuation of the Japanese Concession in Hankow was ordered by the Foreign Office in a desire to prevent the outbreak of an incident that would aggravate the general situation. Domei was informed yesterday by Japanese official circles in Shanghai. The officials emphatically denied the reports that the Japanese Concession is being handed over to the Chinese authorities.

What really happened, they explained, was that the Chinese authorities were requested by the Japanese Consul-General in Hankow to give assurances regarding the security of

Japanese property in the Concession. The withdrawal of Japanese residents from Hankow, it was emphasized, is in no way different from the exodus of Japanese from Chungking, Soochow and Hangchow, each of which has a Japanese concession.

Orders to evacuate Hankow, Domei was informed, were issued because of the steadily growing tension. At the end of July the situation was further aggravated by the action of the Chinese Trade Guild in ordering a boycott of Japanese goods and a suspension of transactions with the Japanese. Fuel was added to the fire by the construction of defence works in Chinese streets bordering on the Concession by the "strongly anti-Japanese Chinese soldiers," the officials said. The anti-Japanese movement was also assiduously fanned by the City Tangpu and such anti-Japanese-bodies as the Society for the Encouragement of Resistance to the Enemy.

With tension growing every hour, the Concession was believed to be in danger of a sudden attack. Therefore, the officials said, on the evening of July 8, bluejackets were landed from the Eleventh Torpedo Flotilla and posted at positions facing the Chinese entrenchments.

"Non-Aggravation" Policy

In view of the seriousness of the situation, the Japanese acting Consul-General ordered all Japanese residents to evacuate the Concession, in accordance with the Japanese Government's policy of "non-aggravation" of the current crisis, the officials added. Japanese Consular authorities, Domei was informed, will remain in Hankow for the time being to negotiate on the protection of Japanese private and public property.

The officials recalled that the Nanking Government and the Chinese authorities in Hankow have been asked by the Japanese Embassy in China and the Consulate-General in the Yangtze port to give all possible assistance in carrying out the evacuation smoothly.

Wuhu Japanese Leave

Nanking, Aug. 7.

Japanese residents of Wuhu, numbering about 50 men, women and children, were evacuated to Shanghai by the Jang Yang Maru yesterday. The Japanese Embassy here was advised to-day.—Domei.

Trouble At Canton

Canton, Aug. 7.

With Chinese servants and other employees refusing to work, the evacuation of 160 Japanese women and children hit a snag here to-day. This situation compelled the Japanese Residents' Corporation to hire lighters to transport the household articles of the refugees.

Most of them will leave on the Fukken Maru sailing from here on August 10 and on the Tatsuta Maru leaving Hongkong on August 12.

Meantime, the activities of student orators and other agitators tended to increase the tension here. All vessels sailing for Hongkong as well as trains heading for the British colony are crowded to capacity with Chinese fleeing Canton.—Domei.

Flight From North Areas Slackening

Less Than 10,000 Pass
Over Boundary Lines
During Day

**HONGKEW SHOPS
CLOSING DOWN**

**30 Stores Along North
Szechuen Road Move
Entire Stocks**

The exodus of war-scared Chinese from the Chapel and Hongkew sections of the city slackened considerably yesterday from the record high of the previous days, with the police estimating that less than 10,000 refugees crossed into the Settlement yesterday.

The nature of the exodus changed yesterday with less people streaming into the Settlement and more wagons and pushcarts filled with household goods crossing the boundary.

This change indicates that the people, instead of fleeing with their portable goods, are now methodically moving their entire household effects into the Settlement in preparation for a long stay.

Hotel Of 120 Cots

The huge influx of people into the Settlement and Concession brought many unusual answers to the housing problem.

One enterprising old Chinese man with an empty lot on Boone and Chekiang Roads established yesterday afternoon an open-air "hotel" charging 50 cents a night for each camp cot. With approximately 120 cots on his lot, he looks forward to raking in quite a bit of money from the exodus.

The foreign and Russian boarding houses have opened their doors to the refugees, seeing in them a profitable source of income during the slack summer season when many of the regular paying guests were away on vacation. But even these are now completely filled with refugees.

Although many stores are closed in Chapel and Hongkew, the pawnshops are keeping open and are doing a rushing business taking in goods that refugees want to get off their hands temporarily.

But even the pawnshops have taken precautions against possible fighting and have moved their valuables to the French Concession and International Settlement for safe-keeping.

Although the exodus is slackening down, police officers are still continuing to warn their utmost to keep the peace, warning them against any disturbances. They are also warning them to keep their valuables in the French Concession and International Settlement for safe-keeping.

Nippon Banknotes Scarce
Chinese "war fever" victims are not the only people moving out of the Chapel and Hongkew districts. The Japanese themselves are starting an exodus out of these areas but instead of crossing Soochow Creek, are going home to Japan.

This state of affairs has caused a scarcity of Japanese banknotes in the city and the official yen exchange rate went to ¥141.75 for \$100 yesterday. This was due, Japanese banks stated, to the growing exodus of Japanese from the city.

Many Japanese officers of the Shanghai Municipal Police have sent their families home to Japan, while a good many Japanese businessmen have taken similar precautions.

Many families of Japanese businessmen have also moved to Japan and some have even moved to all

Refugee Mob Rushes River Boat Kutwo

Police Called To Clear
Hundreds From Deck Of
Overcrowded Steamer

VESSEL HELD UP FOR
EIGHT HOURS

Disappointed Crowd Camps
On Wharf Waiting For
Arrival Of Tuckwo

Packed to the gunwales by hundreds of refugees determined to see the vessel sink under them before shifting, the Indo-China S. N. Company's river boat Kutwo was delayed eight hours at Hunt's Wharf yesterday until police had been rushed from Hongkew station to clear the decks of some thousand odd passengers more than the steamer is able to carry.

Due to being held up by the typhoon, the Kutwo arrived in Shanghai two days late to find all available accommodation booked up and a long waiting list of applicants for deck space or any odd nook and cranny capable of carrying a passenger.

When sailing time was reached yesterday, hundreds of Chinese refugees from Hongkew and Chapei areas, unable to obtain tickets, staged a mad stampede and boarded the steamer with their own baggage, refusing to shift despite all pleas from the company's harried officials, and threats of police intervention.

Eventually the position became so serious that a call was put through to Hongkew Police station and a detachment of police sent out to the wharf. The police then arrived and the vessel was held up for eight hours. The police then arrived and the vessel was held up for eight hours. The police then arrived and the vessel was held up for eight hours.

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most probably prove to be a much safer haven for refugees than the International Settlement or the French Concession.

The great influx of refugees from districts along the Shanghai-Nanking and the Shanghai-Hangchow Railways in the past few days has been causing a deep concern to the authorities. The All-Shanghai Committee for the Support of Resistance Against the Enemy, it was announced, has officially petitioned the Kiangsu and Chekiang Provincial authorities to check the exodus to Shanghai.

While thousands of people have kept flocking to Shanghai for the past few days, departing coastal and river steamers have also been doing a record business. All ships sailing for the South in the past few days and for the river ports, have been packed to overflowing, showing that a certain section of the public is of the opinion that perhaps Shanghai will not be the safest refuge in case of war.

200,000 Shift Home

Despite the large departures for the south and some of the river ports, the population of the Settlement and the French Concession is believed to have increased by almost 200,000 since the start of the exodus from the surrounding areas, this creating both a housing and a food supply problem.

Rents in various Chinese lodging houses have reached unbelievable figures, but refugees pay them, having no other alternatives. The food problem is being watched by authorities. The price of rice has again risen during the last few days, merchants mainly attributing it to the fact that the recent typhoons have greatly affected the producing districts, while allegations are being made in some quarters, that almost 4,000 bales of rice were sold recently to the "enemy."

Watch For Traitors

In order to cope with this alleged action of "traitors" a group of some 30 youths have organized a "Traitor Extermination Corps" with offices located in 93 Den Feng Alley, Avenue Road. The business of this corps is to investigate into the activities of the "traitors" and report to the proper quarter.

At a joint meeting held yesterday the Chinese Chamber of Commerce and the Shanghai General Labour Union decided to request the managements of factories to remove their plants to places of comparative safety, whenever possible, so as to be able to carry on production during any extraordinary period. It was also decided to petition banks to continue advancing funds to merchants and industrialists so as not to halt the progress of commerce.

The patriotic fervour among Chinese has reached even into S.M.C. schools it was revealed yesterday with the resignation from the S.M.C. Public School for Chinese of Y. Z. Sung, a teacher in Chinese, for the purpose of enlisting

the Chinese army as a private, and teachers are hastening their former colleagues to-day at a union party.

Reports that a Chinese copper-smith employed by Andersen, Meyer and Company, had been tortured by Japanese Marines after having been held prisoner for two days were denied yesterday by the Japanese Naval Landing Party and strongly discredited by S.M.C. police investigating the report.

Sung Yung-chang, the copper-smith, disappeared two days ago and suddenly returned home yesterday with his mouth and the exterior of his stomach burned by what appeared to be acid.

Police called to his home by the man's wife were told by Sung that he had been arrested two days ago by Japanese Marines and had been taken to the Kiangwan Road barracks and imprisoned under suspicion that he was a Chinese plain-clothesman.

According to Sung, he was questioned repeatedly and finally was ordered to drink sulphuric acid. This he refused but spilt some of the acid on his mouth and clothes. While a Japanese officer guarding him went for assistance, Sung recounted, he made his escape.

Police investigating the case pointed out that Sung disappeared immediately after he had collected his pay. He is a married man.

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SCAREMONGERS AMASS WEALTH FROM GULLIBLE

Profiteers Keep Exodus at
Fever Pitch

FILL EMPTY HOUSES

"Mosquito Press" and
Transport Racket

SPECIAL TO THE "N.C.D.N."

Thousands and thousands of dollars are daily flowing into the pockets of profiteers who are taking full advantage of the unsettled political conditions and who do their utmost to spread rumours of war to a gullible population.

"Remember 1932?" they say through countless agents. "Well, it is just about to start again. To-morrow you may hear the spatter of machine-guns and the boom of cannon. It would be the safest to move to-night. Now, we know of a nice place in such-and-such street..."

It is a well-organized racket, in which transportation and house-rental agencies work together. Having spread the rumours through scores of "mosquito papers" and thousands of paid scare-mongers, including transportation workers, they reap immediate profits and little can be done to bring them to justice as it is well-nigh impossible to trace the false reports.

Exodus Still Heavy

The exodus from Chapel, the North Szechuen Road area, Hongkew and West Hongkew, and the Kashing Road district continued yesterday on a large scale, being especially heavy in the afternoon. It was due, as on previous days, largely to the work of the profiteers, and the Chinese and Settlement police could do little to discourage it. A contributing factor, as far as the Kiangwan area was concerned, was machine-gun firing heard the previous evening in the vicinity of the Seakingiao Golf Course. This firing, which was practice shooting by the local Paoantui, was audible for over an hour during the early evening. It was heavy for the most part and attracted considerable attention.

Previous operations of the Paoantui north of Shanghai, such as digging trenches and rifle pits, building machine-gun emplacements and depositing sand-bags, had been performed quietly, mostly after dark, and hence had given rise to little speculation as to their purpose. The presence of members of the Paoantui in the vicinity, itself, has not been obvious as the men have appeared largely in civilian clothes.

Irrespective of guarded activity, the exodus has been, and still is, tremendous owing to the machinations of the rumour-mongers. The demand for transportation has been so great that rates have skyrocketed, several times the usual amount being charged in many cases. Some of the smaller removal companies now have their lorries on the streets day and night. The effect of the presence of a van in a side-street or a line is to create a feeling of insecurity among the neighbours, and the agents of the profiteers soon take advantage of this fact by inducing others to move. The house-rental racket works through the transportation men and it is impossible to trace the false reports.

House Rents Sear

The degree of panic is further reflected by the rents now being exacted. These are in most cases from 30 to 50 per cent. higher than before the scare. Half-empty terraces are being filled overnight and lodging-houses are crowded to their attics. The landlords and owners generally insist on advance payment of rent, sometimes for several months, and besides "key money" is exacted from the anxious new tenants. This bleeding is done by experts in the Settlement generally, south of the Soochow Creek, and in the French Concession. The most brazen profiteering is said to be that perpetrated in the Concession, where modest Chinese lodgings abound.

Some of the refugees come from points on the Shanghai-Woosung railway and the Shanghai-Nanking line and it is odd to observe refugees arriving by the latter line at the same time as others are leaving, in equally large numbers, for points on that railway. A similar situation obtains in the sphere of river travel, many families arriving from the nearer Yangtze ports as others depart for the same places.

There has been only a small exodus of Japanese residents of the Shanghai northern area to date and no official word has been given to Japanese subjects advising them to leave. The Japanese Landing Party, since the discovery of the missing Seaman Miyazaki, has maintained an extremely conservative attitude. There has been only the minimum of drills and no large-scale manoeuvres. Sentries and patrols do not wear steel-helmets, but only topees and cloth caps. Members of the Landing Party are freely given leave, as in ordinary times. A "parade" of tanks, armoured cars, lorries and other motor equipment in front of the Kiangwan Road barracks yesterday afternoon was routine, for the purpose of filling petrol tanks from the pump in front of the building.

No Food Profiteering

According to official information from the Public Health Department of the Settlement, there is no truth in reports which are being circulated of increased prices for foodstuffs at the Settlement markets. An inspection of all the principal municipal and private markets yesterday disclosed that there was a plentiful supply of all kinds of foodstuffs, with the exception of Japanese fish, which did not arrive owing to the Japanese blockade. Supplies of Chinese fresh and salted fish, vegetables, fruits, eggs and all kinds of meats were plentiful and there was no increase in prices.

Big Chapei Exodus Largely Due To Mob Psychology, Many Have No Good Reason To Flee

**Rumors Fly, Residents Seek Refuge In South
Foreign Areas; Eight Out Of Ten Households
Move Out; Many Remember 1932 Conflict**

Endless Stream Flows Across Bridges

MOB psychology is playing an important part in the present exodus from the Chapei and other northern areas. The majority of the people who moved out today into the Settlement and Concession was of the poorer and illiterate class whose action was based on rumors and gossip rather than on sane judgment of the situation.

Most of them, who had learned a costly lesson during the local Sino-Japanese hostilities in 1932 when most of their worldly possessions were either lost or destroyed, started the new stampede when they saw Japanese bluejackets in Chapei after the disappearance of Miyazaki. When fresh war rumors pervaded the city even the stalwarts who had stood their ground joined in the flight.

Biggest Since 1932

The heavy exodus of the last few days is the biggest since the local hostilities in 1932. The stampede on the afternoon of January 27, 1932, was being re-enacted last night and this morning. Along North Szechuen Road, North Honan Road, Boundary Road, and North Chekiang Road, a continual stream of people, motor vans, rickshas, hand-tricycles, and wheel-barrowed poured into the Settlement and the Concession, just as five and a half years ago.

At some points in the districts north of Soochow Creek streets were so congested that normal traffic couldn't be maintained and people and vehicles had to wait several minutes before moving on and then only at a snail's pace. The streets most heavily taxed were North Szechuen Road, North Honan Road, Boundary Road, North Chekiang Road, Peking Road, and Yu Yu Ching Road.

Factories Move

NOT only private families moved into the settlements but factories and schools evacuated the Chapei area also. The National Chinan University in Chenju near the government radio station has officially ordered the students to evacuate and Puh Tan University in Kiangwan has also likewise moved most of the school's property to its middle school at Siocawei. The City Government offices were, however, open as usual.

A survey of the situation in Chapei revealed that most of the houses and shops in the district are locked up and while many houses were still occupied all valuables and most of the furniture and personal effects have already been moved into the Settlement and the Concession. According to the statistics in the district, eight out of ten

households have moved out of Chapei.

Swayed By Rumor

That most of the people who joined in the big stampede are totally ignorant of the situation and are swayed by gossip and rumors was revealed when several of them were interviewed by an Evening Post reporter. A typical case was that of an owner of a tailor shop who said that he is moving out because everybody else is moving. Asked if he had read any bad news in the papers he told the reporter that he doesn't read papers and he doesn't believe in newspapers, anyway. When the air is thick with war news and rumors he has to do something to save what he has before it's too late, he said.

The tailor stood a loss of over \$1000 in 1932 when Chapei was demolished. In the present case he should have moved out long ago but he hoped for a better turn of events. But he moved his belongings last night. He was moving to a relative's home in the French Concession.

Leave By Ship

THERE are many who are taking steamers to Ningpo and other ports with their belongings while many others are leaving Shanghai by train for their native homes in Kiangsu and Chekiang. Several poor people with a bundle or two who haven't any place to go were sitting on the pavement on the Bund today without knowing what to do. The scenes last night resembled those of 1932 in more ways than one.

Most of the refugees did not know what to make of the situation. They neither advocated war or oppose it. They are so preoccupied with their own problems that they know nothing of national affairs. The instinct of self-preservation and the costly lesson they learned in 1932 cause them to evacuate the area which, in case of war in Shanghai, will again be the central stage of conflict between Chinese and Japanese.

With the exodus in full swing, disturbances are reaping the profits. The market has greatly increased in the Settlement and the Concession. People anxious to flee have been closely looking at the market through-

More Refugees Leaving Chapei For Settlement

More Than 30,000 Pass
Across All Bridges
In 24 Hours

THOUSANDS FLOCK ON BOARD SHIPS

Gangs Seizing Chance To Victimize Many Chapei Refugees

More than 30,000 refugees were counted entering the Settlement at various checking points within the past 24 hours, most of them bringing along all their possessions and indicating that they intended to remain for a while. Shopkeepers who in the past week or two had merely sent out the major part of their stock are now giving up their shops completely, bringing shelves, counters and other equipment along with them.

Indicating that Hongkew residents had other things on their minds than music, the only persons present at the band concert which was to have been held last Thursday night were two park attendants and two policemen assigned there for duty. The concert was cancelled.

Garden Bridge Crowded

Traffic continues heaviest over the Garden Bridge, some 10,000 refugees having passed over this bridge yesterday. Most of them are headed for the French Concession and the most direct route is via this bridge. Cheaper housing accommodations are more plentiful in the Concession and the people also feel certain that no Japanese soldiers will be permitted to enter this area.

But not all refugees are satisfied to remain in the Shanghai area, some insisting on returning to their native districts by railway and steamer. One vessel is said to have been delayed more than 24 hours in sailing when 200 refugees flocked on board although there were accommodations for only 500. The captain of another vessel which has Ichang for its destination had to request police assistance in keeping mobs of refugees from boarding his vessel which was tied up at the Old Nimmo Wharf.

Racketeers Busy

Loafer elements have already started to take advantage of the misfortunes of their countrymen who feel themselves obliged to leave their homes in Chapei and northern areas. It is known that numerous refugees have lost part or all of their possessions to gangs operating carting service. Unless they accompany the carts, the refugees can never be sure that their goods will reach the address given to the carters.

The Japanese Naval Landing Party is said to have stopped sending patrols through the streets of Hongkew in order not to aggravate the situation. It is also reported that military exercises are being kept down to a minimum. In both Chapei and Nantao the police force has been augmented in order to cope with petty thievery and extortion which have a tendency to increase troubled times. Rumor mongers are also being hunted down.

More Provincial Leaders Leaving For the Capital

Szechuen, Yunnan Chairmen
to Join Parleys

TWO GENERALS FLYING BACK FROM U.S.A.

Chengtzu, Aug. 5.

General Liu Hsiang, Chairman of the Szechuen Provincial Government and Pacification Commissioner for Szechuen and Sikong, will fly to Nanking on Aug. 9 in company with General Lung Yun, Chairman of the Yunnan Provincial Government, who is expected to arrive here on Aug. 2.

While in Nanking General Liu, it is understood, will make a report to General Chiang Kai-shek on military affairs in Szechuen and Sikong and seek instructions from the latter regarding the current situation.

Much significance is being attached to the imminent departure of Generals Liu and Lung for Nanking, where many important conferences have been held recently between the Central authorities and many prominent military leaders from other parts of the country, including General Han Fu-chu, Chairman of Shantung, General Yen Hsi-shan, Pacification Commissioner for Shansi and Suiyuan, General Ho Chien, Chairman of Hunan, General Yu Han-mou, Pacification Commissioner for Kwangtung, and General Pai Chung-hai, Deputy Commander-in-Chief of the 5th Route Army.—Central News.

Fly From America

Manila, Aug. 5.

Continuing their dash back to China in order to offer their services to Nanking, two Chinese generals, who crossed the Pacific in a Clipper flying-boat, hopped off from here this morning for Hongkong.

They are Major-General Wen ying-hsiang, former Commissioner of the Public Safety Bureau in Shanghai, and General Hsiao Cheng-yang, former Mayor of Tientsin, both of whom decided to cut short their stay in the United States as a result of the North China crisis.

They were entertained to a dinner last night by the Chinese Consul-General here.

General Wen left China a few months ago as one of the military attaches connected with the Chinese delegation to the Coronation of King George.—Reuter.

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THE CHINA PRESS, FRIDAY, AUGUST 6, 1937

OBJECTS TO U. S. FLIERS

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Japan To Protest To Washington Against Yankee Airmen Joining China War Cause

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TOKYO, Aug. 5.—(Domei).—Formal representations against the reported plans of crack American aviators to join the Chinese air force will shortly be made to the United States Government, Domei learned today from authoritative sources.

The demarche will call the attention of the American Government to the unfavorable effect which such plans, if materialized, would have on the existing friendly relations between Japan and the United States.

Such project, Domei was informed by Gaimusho officials, would not only run counter to the American representation made some time ago for a peaceful settlement of the North China incident, but would also contravene the spirit of the Neutrality Act.

Mr. Yakichiro Suma, Counsellor of the Japanese Embassy in Wa-

shington, has already, according to press reports, called on Mr. Stanley Hornbeck, Chief of the Far Eastern Affairs Division of the State Department, to call the American Government's attention to the matter.

All metropolitan newspapers to-day featured a report from Los Angeles that Mr. Russell Hearn, once an adviser to the late Marshal Chang Tso-lin, Manchurian warlord, is planning to organize a party of 182 American pilots for action in China.

The pilots, the report said, will each be accompanied by a plane or two, and would, on their arrival in China, take charge of the Central Government's air arm.

The papers recalled that during the Shanghai hostilities of 1932 an American aviator took part in military engagements on the Chinese side, "thus stimulating Japanese sentiment".

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50,000 Flock Into Concessions From Suburban Districts

**Exodus From Northern Areas Reaches New
Peak Yesterday; Hongkew Pawnshops
Move Valuables To Frenchtown;
Yangtsepoolies Departing**

The population of the International Settlement south of Sookhow Creek and the French Concession has increased by approximately 50,000 men, women and children during the past two days as a result of the heavy exodus from Chapei, Hongkew, Woosung, Kiangwan and even railway stations all along the line between here and Nanking, according to police estimate.

Featuring the exodus yesterday was the removal of all valuable jewelry by the pawnshops in Hongkew and Chapei into the areas across the creek and into the French Concession.

The flight of pawnshop diamonds, gold ornaments, watches and other valuable articles followed the action of the guild in advising all its members to take necessary precautions against the outbreak of Sino-Japanese trouble in Shanghai.

By nightfall yesterday, stores along the city's pawnshop row on Woosung Road had removed practically all their more precious valuables. Similar action was taken by pawnbrokers having shops in Chapei and other parts of Hongkew.

The removal of jewelry, however, is not likely to affect the regular transaction of pawnshop business in the two areas. Proprietors stated that their stores will remain open.

All day yesterday, with their household belongings piled high on trucks, wheelbarrows, rickshas, in the back seats of taxis and on hand carts, about 30,000 panic-stricken people crowded all roads leading into the Settlement from northern Chinese controlled areas throughout the day. Every bridge, every street was literally a continued traffic jam.

The Shanghai Municipal Police found it necessary to strengthen their traffic forces at all important street intersections and on Garden and Szechuen Road bridges. At the latter two points, traffic was next to impassable most of the day. Police on duty worked in shifts of four hours on and four hours off and when sundown arrived and the stream of movers commenced to thin out, every traffic officer was dog-tired.

Heaviest On Garden Bridge

Traffic was heaviest on Garden Road Bridge for the simple reason that the residents of the Yulin, Yangtsepool, Wayside and Baikal Road districts joined in the exodus yesterday in a most determined manner. Broadway as far east as Mulrhead Road was a mass of moving vehicles, headed west and loaded with household belongings.

In view of the present crop of rumors, there is little or no likelihood that there will be a slackening of the exodus today. Police officials expect it to become even worse, if anything.

Many of the families whose belongings were transported south of the creek yesterday are not residents of the Greater Shanghai area. They are from the various districts along the Shanghai-Nanking line.

For the past two days, the North Station has presented an unusual picture to the observer who could not find a spot in which he could stand still long enough without being jostled about to look at it. Special schedules are being run both on the Shanghai-Nanking and Shanghai-Hangchow lines and both incoming and outgoing trains are crowded.

Many Going To Interior

Shanghai Chinese are leaving for the interior with their luggage and bundles of clothing, apparently anxious to get far away from possible hostilities in this area. Chinese from the interior are coming to Shanghai to seek the safety of the Settlement and the Concession.

After the arrival of each train, luggage is piled high on the crowded station platform. More than 30,000 pieces were handled yesterday. After considerable time, it is eventually sorted out and loaded into rickshas, trucks and other conveyance for transportation to the Settlement.

Since the beginning of the exodus almost two weeks ago, it is estimated that more than 100,000 persons have entered the Settlement and Concession to establish temporary homes.

It is further calculated that approximately 20,000 residents of the city have departed by boat for river or coastal ports.

As a result of the increased number joining the trek to the Settlement and Concession, a serious housing problem has arisen. Every hotel and lodging house in both areas were packed two days ago and the thousands who crossed the boundaries yesterday were more or less up against it when it came to finding immediate shelter for the night.

They took possession of covered alleyways, side-streets and blocks of buildings that had been vacant for

some time. Thousands were forced to sleep out in the open.

Hongkew Population Gains

One of the strangest sights to be seen yesterday was in the Hongkew District itself. Houses vacated several days ago by Hongkew residents were filling up with yesterday's swarm of "war fever" victims. If a check could have been made last night, Hongkew's population would possibly have shown an increase rather than a decrease over its figure for two or three weeks ago.

The smaller landlords to hike rentals to as much as the traffic will bear.

Hotel and small lodging house owners have hiked their rates from 10 to 30 per cent. Sleeping space in hallways and corridors is being charged for at former room prices while room rents have doubled in some cases. Empty houses that could not be rented at any price during normal times are being let at exorbitant rates and terms are cash in advance.

Transport Companies Profit

The landlords are not the only ones reaping a harvest from the "war fever." Transportation companies, and ricksha, handcart and wheelbarrow coolies are also doing rather well for themselves.

Back of all this consternation, profiteering and unrest is a large crop of wild rumors, chief of which is a report that actual hostilities will commence in this area not later than August 8.

Visibly showing signs of a rough and uncomfortable passage downriver, 53 Japanese women and children who evacuated Yangtse ports arrived here yesterday noon in the s.s. Loyang Maru. The majority of these refugees are scheduled to sail for Japan in the s.s. Shanghai Maru at noon today.

These Japanese evacuated Chungking, Hankow and Wuhu.



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Handwritten numbers in the top right corner: "23487", "7990", and "6 8 17".

CHAPEI EXODUS

The flight of Chinese residents from Chapei has become much accelerated during the past two days and the number of refugees now in the settlement is very considerable. The reason for this exodus appears to be the rumour that there is likely to be some fighting between the Chinese and Japanese in the Chapei-Kiangwan area in the near future. It seems to us that any such clash can be easily avoided if both the Chinese and Japanese authorities sincerely desire it and to the best of our knowledge they do. Of course, there has been the usual crop of foolish rumours which has tended to increase the nervousness on both sides and at least some of which have been put round by persons hoping to derive some benefit thereby. We feel that there should be an understanding between the Greater Shanghai City Government and the Japanese civil and military authorities that no conflict of any kind shall be started in the vicinity of this international port and a very definite assurance on this point given to the public. If that were done, Shanghai would be spared a great deal of anxiety and upset, the cost of which falls so heavily on the poorer class of Chinese. A plan to establish a number of refugee camps in Shanghai has been already decided upon and to-morrow there will be a big meeting of Chinese organizations to discuss the latest developments in the situation and take whatever measures may be deemed necessary. But the point we would unfailingly emphasize is that it is up to the public authorities to ensure the public peace and we are convinced that this is not impossible if the proper measures are taken in time.

MR. HIROTA REVIVES ONE OF "THREE POINTS"

Believes Co-operation Between China and Japan is "Not Impossible" Against Communism

ARMED FORCE NOT ENOUGH IN IMPASSE

Disposition of 207,000 Chinese Troops Announced in Communiqué of Tokyo War Office

REVIVING one of the three principles of his famous "Three-Point Programme", the Foreign Minister, Mr. Koki Hirota, to-day told the Diet that "the major point of our proposals to China consists of co-operation in joint defence against Communism". At least in this respect, he added, co-operation between the two nations is "not impossible."

The other two points of Mr. Hirota's programme, formulated in the Autumn of 1935 in collaboration with the Army, were suppression of the anti-Japanese movement in China and joint economic development of North China by China, Japan and Manchoukuo.

"I do not believe", the Foreign Minister told the Diet, "that the present Sino-Japanese impasse can be broken by armed force alone."

Side by side with military operations in North China, the Japanese Government is conducting diplomatic negotiations with Nanking to secure the latter's reconsideration of its stand, he added.

The Japanese Government, Mr. Hirota declared, wants to settle the North China incident on the spot, and "at the same time, effect a fundamental readjustment of the whole range of Sino-Japanese relations."

"Anti-Japanese sentiment in China", the Foreign Minister said, "is deeply rooted, and, therefore, it should be difficult to eradicate it. "But I believe that Sino-Japanese co-operation is possible if the radical elements, and especially the Communists, are effectively controlled."

Chinese Troop Movements

Continued converging of the Central Government's troops upon the Peiping-Tientsin area was reported to-day to the War Office. Chinese troops, the reports said, were advancing along the Tientsin-Pukow, Peiping-Hankow and Peiping-Suiyuan Railways.

The Japanese air force in North China, the reports said, has bombed several Chinese troops trains in Charhar and near Paodingfu in the past two days.

Commenting on the disposition of the Chinese troops, military observers here declared General Chiang Kai-shek is apparently striving to keep the Central Government's infantry and air force intact.

The troops placed in the first line of defence, they said, are those commanded by provincial war-lords or the Communist forces brought from the north-west.

General Chiang's "own" troops, it was pointed out, are held in the second line of defence, where they will not be directly involved in major hostilities should such break out.

40,000 men

The troops massed along the Tientsin-Pukow Railway were reported to number between 20,000 and 30,000 men, commanded by Lieutenant-General Chen Tien-shan and his troops.

Troops of General Sun Fuzhen, Commander of the Shantung Province, and General Chen Tien-shan, Commander of the Hebei Province, were also reported to be moving towards the Tientsin-Pukow area.

Tokyo, Aug. 5.

29th Army Reduced

The strength of the 29th Army, now having its positions at Machang, was reported to have been reduced from 80,000 to 20,000 men.

Badly battered in clashes at Nanyuan and Langfang, the units of the 37th and the 38th Divisions, which bore the brunt of the fighting, were said to be "tired and discouraged."

North of Yellow River

Military intelligence reports received here gave the following picture of the disposition of Chinese troops north of the Yellow River.

In Charhar.—Lieutenant-General Liu Ju-ming's 143rd Division, numbering about 15,000 men, stationed in the vicinity of Kalgan.

Between Huailai and Hsuanhua, on the Peiping-Suiyuan Railway, about 20,000 men belonging to the 84th and 85th Divisions, commanded respectively by Generals Kao Kwei-tzu and Wang Chu-lien.

In Hopei on the Tientsin-Pukow Railway, 10,000 men of General Chang Tzu-chung's 38th Division, which took part in the Tientsin hostilities on July 29-30.

On the Peiping-Hankow Railway.—20,000 men of General Feng Chih-an's 37th Division and the late General Chao Teng-yu's 132nd Division, stationed in the vicinity of Tinghsing, 80 kilometres south of Lukouchiao, where they formerly had their positions.

At Paodingfu.—General Wan Fulin's 53rd Army, comprising the 29th, 116th and 130th Divisions and parts of the 10th Infantry and the 10th Cavalry Divisions, numbering in all 40,000 men.

North Honan.—30,000 men in Chengchow and the neighbouring area. These troops comprise General Sun Fuzhen's 39th Division; General Chen Tien-shan's 31st Division; General Pang Ping-hsun's 35th Division and the Independent 44th Division.

South Honan.—20,000 men in Kailashan and the neighbouring area. These troops comprise General Sun Fuzhen's 39th Division; General Chen Tien-shan's 31st Division; General Pang Ping-hsun's 35th Division and the Independent 44th Division.

Feverish expansion of aerodromes in Hsinan, Shantung, Shunteh, Chochow and Chengting. Hopei, were also reported to be in progress.—Domei.

Army Prepared

Tokyo, Aug. 5.

In the course of a debate on the second supplementary budget in connection with North China, the Minister of War, General Sugiyama, told the Budget Committee of the House of Representatives to-day that it was problematical whether the Japanese troops in North China would be able to continue their present attitude in the Chinese Central Government troops.

The Japanese troops, said the Minister of War, were fully prepared to take "punitive measures" against the Central troops should they take the initiative.

General Sugiyama assured the Committee that the present budget would be enough to cover expenses for the time being, but the Government, he said, would be obliged to convoke an extra session of the Diet to seek approval of another supplementary budget if the situation further worsened.—Reuter.

Tientsin Relaxing

Tientsin, Aug. 4.

Normal conditions are steadily returning here. British auxiliaries were taken off patrol duty to-night, a partial tram service is being resumed to-morrow in the Chinese City, and railway officials are returning to the new administration building. Mail delivery in the Chinese City is also being resumed.

Accompanied by two Japanese and a representative of the Consular Body, M. Smirnoff, the Soviet Consul, to-day visited the Soviet Consulate to inspect the damage caused during the recent raid. Photographs were taken.—Reuter.

Lull in North China

Tokyo, Aug. 5.

A comparative lull prevails in North China, but the mopping up of small parties of troops of the 29th Army is continuing, according to messages received here to-day. A Tientsin dispatch says that Japanese planes bombed two Chinese troop-trains moving towards Peiping along the Peiping-Suiyuan Railway on August 4.

The Okasaki detachment, it adds, came into contact and routed about eighty Chinese troops near Liangliang at about noon on August 4. No casualties were inflicted on the Japanese, but the Chinese troops are stated to have lost twenty men, thirty rifles and 200 hand-grenades.

The Nara detachment, states the Peiping correspondent of the "Asahi Shimbun," has come into contact with and annihilated 250 East Hopei militiamen believed to have participated in the recent massacre of Japanese and Koreans at Tungchow.

Policy Upheld

At an all-party conference held here to-day, it was decided that a joint resolution be submitted to the House of Representatives to-morrow upholding the Government's North China policy and urging it to seek "a fundamental solution to the China problem."—Reuter.

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GEN. TSAI TING-KAI WELCOMED

Big Canton Turnout for the Former Shanghai Hero

Canton, Aug. 4.

An extremely warm welcome was accorded General Tsai Ting-kai, former commander of the 19th Route Army, on his arrival here this morning by steamer from Hongkong after many months' absence abroad.

A huge crowd, including General Wu Te-chen, Governor of Kwangtung, General Hsiang Han-ping, Deputy-Commander of the Fourth Route Army, and other officials, thronged the wharf to greet the soldier who became internationally famous for his stand against the Japanese during the Shanghai hostilities in 1932.

During his stay here General Tsai will visit his former subordinates and will call on the local authorities. Later, he is expected to offer his services to Nanking.—Reuter.

Off for Shanghai

After visiting Canton for one day, during which he called on the local military leaders and laid a wreath at the cemetery for soldiers of the 19th Route Army, General Tsai Ting-kai left for Hongkong to-night to catch the Empress of Japan for Shanghai, whence he intends to proceed to Nanking.

Interviewed by Reuter, General Tsai, who is now greyhaired, declared that he had decided to sink all personal differences and fight under a united banner for China should diplomatic exchanges fail and war break out. The Central Government, he added, had already organized its defence policy, and his trip to Nanking was for the purpose of offering his services to the Generalissimo. General Wu Te-chen, Governor of Kwangtung, and the highest military leaders in Canton thronged the smoke-room of the steamer to wish General Tsai bon voyage.—Reuter.

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THE NORTH-CHINA DAILY NEWS, THURSDAY, AUGUST 5, 1937

General Pai Chung-hsi Confers with Generalissimo:
Nanking Prepares for Emergency

REINFORCEMENTS POUR INTO TIENTSIN

Japanese Continue to Report Concentration by the
Chinese Forces: Evacuation on All Sides

THE eagerly anticipated visit of General Pai Chung-hsi to Nanking became reality yesterday, when the Kwangsi leader stepped out of the special plane sent by General Chiang Kai-shek to convey him to the capital. A Nanking report through Central News stated that he had conferred with the Generalissimo last night and it was believed that the North China situation was discussed.

Reports continue to be received from Japanese sources of Chinese preparations for defence against an impending Japanese advance. It is further reported that there is a large concentration of Chinese troops, Salt Guards, and Paoantui in Shantung province. Chinese foresee an imminent battle at the Nankow Pass, where it is said that 4,000 Japanese troops from Peiping and Kupeikou are massing for an attack on Chinese positions in and around Kalgan.

Evacuation continues on all sides. Japanese nationals are leaving all interior Chinese cities; Chinese are removing from Nanking and big coastal cities to interior points; and a huge exodus of Chinese from the Chapei area marked yesterday in Shanghai.

Daventry's broadcast yesterday evening stated that London had received a report that the headquarters of the so-called East Hopei Autonomous Government had been moved from Tungchow to Peiping. This was regarded as a sign that the Japanese have assumed full control over the area.

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The Shanghai Evening Post & Mercury, Thursday, August 5, 1937

Ole Champs At His Bit, Sniffing War Powder

AN OLD war-horse named Ole Olsson is champing on the bit and sniffing the powder down Wayside way today. An adventurer and soldier of fortune in many lands for many years, he is now enthusiastic about the idea for a mixed brigade of Swedes, Norwegians, Danes, Finns and Germans to form the nucleus of a Foreign Legion to fight for Shanghai, for China, or for anything that's offered.

Mr. Olsson lives at 58 Wayside Road. He is a Swede, and he started seeing service in the Boer War back in 1899. He continued to fight, bleed and burn near die until 1902, when the Dutch and the English declared for peace.

Being a seaman and formerly in the Swedish Navy—that's how he got to South Africa—it wasn't hard for him to shift the scene of his activities to the Philippines, where he took part in the Insurrection from 1904 to 1906, serving in the 7th Cavalry stationed among the Moros in Mindanao. That brought him to the Far East, and since then he has travelled through much of Japan, Korea, Siberia, Manchuria and interior China, mostly by foot-slogging. He has picked up Chinese, Korean, Japanese, Norwegian, Danish and Spanish besides his native Swedish and, of course, English.

Very interested in the revived stories of an International Brigade, rumored to be about to be organized in Shanghai to join the Chinese Army, Mr. Olsson is now hot for action. He is particularly approving of Harry "Blackie" Wills of Detroit, the American bar-tender of Shanghai who joined the Chinese at Hankow and went north as a machine-gunner. He is also interested in the rumor of a Russian volunteer detachment. If there's going to be a war, says he, he wants to be in it.

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THE SHANGHAI TIMES, FRIDAY, AUGUST 6, 1937

GENERAL TSAI DUE IN SHANGHAI

Famous Commander Of
Shanghai War Will
Go To Nanking

General Tsai Ting-kai, former commander of the 19th Route Army which won world-wide fame for their heroic defence of the Shanghai-Woosung area during the Sino-Japanese hostilities at Chapei in 1932, is expected to arrive here on August 8 aboard the Empress of Japan.

Coming with General Tsai on the same boat will be Mr. Tsou Lu, veteran Kuomintang leader, General Tan Chi-hsiu of the 19th Route Army, Mr. Kan Chieh-hou, former Foreign Affairs Commissioner for Kwangtung and Kwangsi and others.

General Tsai who was accorded a warm welcome during his one-day visit to Canton yesterday, will proceed to Nanking after his arrival here.—Central News.

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THE NORTH-CHINA DAILY NEWS, THURSDAY, AUGUST 5, 1937

CHINESE ASKED TO OFFER SERVICES

War-Time Preparations by
Public Organizations

ANTI-AIRCRAFT CORPS ORGANIZED

A call to Chinese residents in Shanghai for war-time service was made by the All-Shanghai Association for the Support of Armed Resistance, organized by numerous public bodies. Every able-bodied Chinese has been urged to register with the Association at the Public Recreation Ground, Nantao, without delay.

A set of seven measures has been mapped out by the Association. Aimed at the concentration of strength, the measures call for the organization of nine service corps, namely, peace and order maintenance, publicity, engineering, communications, transportation, first aid, fire-prevention, burial and contributions-canvassing.

All those who register with the Association will be examined as to their physical fitness. They will then be enlisted in the corps which best suit them. One of the rules governing the enrolment of citizens with these corps is absolute obedience to the commander.

In anticipation of Japanese air raids, an anti-air corps has been organized under the auspices of local philanthropic organizations. The first training class will be held to-day to impart general anti-air knowledge to the public.

Elaborate preparations are also being made by the China First Aid Association in view of the existing tension.

According to a message from Nanking, Mr. Aw Boon-haw and his brother had wired the Government, offering to contribute \$30,000 for the care of wounded soldiers in the north. The money was reported to have been sent to the capital.

After two days' sharp rise, gold prices declined yesterday. Gold changed hands at \$1,330. This dropped to \$1,320 when a Chinese bank sold a large quantity of gold to be delivered in a week's time. Later, the price climbed back to \$1,330, which was about \$70 to \$80 lower than that quoted the previous day.

The minimum prices fixed by the Government prevailed in the Chinese bond market yesterday. The 50 millions improved by about 25 cents.

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Nanking Express Brings Crowds

Refugees Flee Capital; SMPmen Warned, Say Japanese

When the Nanking Express pulled into Shanghai North Station yesterday afternoon it disgorged a huge crowd of people, foreign and Chinese, who had boarded it at Nanking that morning. The train had been scheduled to leave Nanking at 11 o'clock the night before but delayed all night in the Nanking Station while crowds waited patiently, sleeping on the platform. Two Japanese planes were believed sighted over the city after dawn.

Most of the 2000 Chinese were believed to have left Nanking as refugees, fearing a Japanese attack on the capital. They crowded into third and second class cars and when these were filled overflowed into first class, sleeping in the aisles.

A foreigner aboard the train reported that during the trip down to Shanghai he had sighted many heavily loaded troop trains and armoured trains on sidings and second tracks, some moving toward Nanking but most moving eastward.

Communications

With the exception of radio all communications to Tientsin and Peiping from Shanghai were at a standstill today. Trains still made Tsinan the terminal while the C.N.A.C.'s regular service to North China was being maintained only as far as Tsingtao. The firm's plane which left here for the resort yesterday arrived here last night in spite of the storm while a plane left for Tsingtao on schedule this morning.

An Eurasia plane left Hongkong this morning for Taiyuan. According to the local office there is still no feeder service from Taiyuan to Peiping. Telegraphic communications to Tientsin and Peiping was disrupted today and although radio communication is open to the cities, the line was so congested that messages are not guaranteed prompt delivery.

Police Barred

Japanese and foreign members of the Shanghai Municipal Police have been warned against proceeding into Chinese-controlled areas because of possible complications such action might precipitate. Japan sources refused today.

The Council, the Japanese added, disclaims any responsibility for the consequences should any Japanese or foreign agent disregard his order.

The warning was conveyed, said by the Council, to the Japanese and foreign members of the Shanghai Municipal Police.

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FRENCH PROTEST TO JAPANESE

Incident at Tientsin Bridge Causes Friction

PARIS PAPERS PLEAD FOR MODERATION

London, Aug. 2.

A dangerous tension between Japanese and French troops at the international bridge over the Peiho at Tientsin is reported by the papers here. According to despatches received from Tientsin, the Japanese demanded the right to cross the bridge, but this was refused by French troops, who placed tanks into position in order to offer armed resistance if necessary. The tension apparently originated in the alleged cutting off of telephonic communications between the French Concession and the French troops by the Japanese, who are also accused by the French of having fired last week on a group of French soldiers at the East Railway Station, one non-commissioned officer being wounded.—Trans-Ocean.

French Protest

Paris, Aug. 2.

The French Ambassador in Tokyo has been instructed to lodge a protest with the Japanese government regarding alleged aggressions committed by the Japanese troops in Tientsin against French sentries and also regarding the interruption of telephonic communications between the French Concession and the arsenal.

The papers here add that the French Foreign Minister, M. Delbos, has already got into touch with the Japanese Ambassador, Mr. Sugimura, on this subject.—Trans-Ocean.

Incident Denounced

Paris, Aug. 2.

"The shedding of French blood is a serious occurrence and the Japanese authorities are conscious of it," declares to-day's issue of "Le Petit Journal," extreme rightist paper, concerning the incident at the East Station in Tientsin in which several French soldiers were injured in a clash with Japanese forces. "Such occurrences always happen in troubled periods and end by excuses and reparations."

On the other hand, the communist newspaper, "L'Humanité," affirms: "The criminal attempt against French soldiers at Tientsin is a very serious international incident, and France must do more than protest, as has already been done. The French Government must clearly state its policy concerning the Far East."

As France the Popular Front ought to condemn the aggression of which China is to-day a victim, the journal continues. "It is impossible that a country whose purpose might be deposited at Geneva & join for the reinforcement of the Covenant of the League of Nations should cross its arms when Peking is bombarded and when French soldiers carrying out an international mission are shot."

Caution Urged

Paris, Aug. 2.

A very cautious handling of the Far Eastern situation by France is advocated by the Radical Socialist paper "Republique" which at the same time demands that for reasons of foreign policy France must not oppose Japan.

Referring to the Franco-Japanese incident at Tientsin, which led to a French demarche in Tokyo, the paper demands that France should carefully avoid anything detrimental to her prestige in the Far East, since the Asiatic nations despised those losing their "face." The paper points towards the French Indo-Chinese Empire whose 30,000,000 inhabitants were controlled by a handful of soldiers, and hopes that the Tientsin incident will have no repercussions, especially since the French troops in China consisted mainly of Annamites. In settling the incident, the new Japanese Ambassador in Paris could prove that Japanese magnanimity

understood French pride.—Trans-Ocean.

Japanese Regrets

Paris, Aug. 2.

According to a despatch from Shanghai, the commander of the Japanese troops in North China, General Katsuki, has expressed his regrets to the commander of the French garrison in Tientsin regarding the recent incident. General Katsuki assured the French commander that the Japanese troops would not interfere with the life communication between the French Concession and the arsenal.—Trans-Ocean.

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* CHINESE TROOP MOVES TO NORTH CONFIRMED

Occupation of Kalgan by Central Forces May Cause
New Complications: Japanese Alert

PEIPING, TIENTSIN NEARLY NORMAL

Reinforcements for Gen. Sung Reach Tsangchow:
Americans in Shantung Warned

FROM OUR OWN CORRESPONDENT

Nanking, Aug. 2.

MANY indications pointing to the possible expansion of Sino-Japanese hostilities reached Nanking to-day, these including the closing of several Japanese consulates up the Yangtze and the evacuation of Japanese nationals from several points in the interior. In anticipation of a possible air raid upon the capital, the police authorities in Nanking are making house to house visitations in order to instruct the population in air raid precautions.

Confirmation of the northward movement through Tsinanfu of Central Government troops, consisting mostly of Hunanese units, reached me from two independent foreign sources to-day. It is believed here that these forces are halting for the present at Tehchow.

Presumably in view of the possibility of hostilities being extended to Shantung, the American Consul at Tsinanfu has advised all American women and children in the interior of the province to proceed either to Tsinanfu or to Tsingtao.

Chinese official despatches stated that at 8 o'clock this morning six Japanese aeroplanes bombed the Chinese positions in the Nankow Park, near the Great Wall, north of Peiping. Half an hour later, a further ten machines brought machine-guns into action in addition to dropping a number of bombs.

Following the air raid, the despatches stated, a mixed Japanese force of infantry and cavalry made several assaults upon the Nankow positions, but these attacks were being successfully resisted by the Chinese defenders.

Tientsin, Aug. 2.

Hastening to support the Chinese forces, now reforming their lines at Machang, three trainloads of Central Government troops arrived at Tsangchow, 60 miles south of Tientsin, yesterday, according to information reaching Japanese military sources here to-day.

Japanese forces at Langfang, scene of a Sino-Japanese encounter last Monday, yesterday were reported to have concluded "mopping-up" operations slaying 30 plain-clothes Chinese snipers who were found in the former Chinese barracks there. Langfang is halfway between Tientsin and Peiping.

With conditions again peaceful Peiping was rapidly resuming its normal appearance to-day. Stores boarded-up for protection during last week's tension, had almost all reopened this morning.

With the exception of Chao yangmen, the gate leading to Tungchow, all city gates of Peiping were opened to permit the entry of farmers and others bringing much-needed fresh food into the old capital.

A Japanese detachment was in occupation at the Kwangmen, facing the road to Fengtai. British residents, who were evacuated to the Hunan compound last week, were permitted this morning to return to their homes within the city.

Central Troops At Kalgan

Injecting a new disturbing note into the North China situation, Central troops arrived in Kalgan last night from Shansi. The units were commended by Gen. Tang En-po.

Their arrival, Japanese military quarters here said, might force Lieut.-Gen. Liu Ju-ming, Chairman of the Charhar Provincial Government and a subordinate of Gen. Sung Cheh-yuan, Commander-in-Chief of the Twenty-Ninth Army, to throw in his lot with the Central Government.

Such action, it was pointed out, would inevitably lead to serious developments in the area.

Surrounded by Col. Kenji Suzuki's detachment, 3,200 soldiers of the Thirty-Ninth Brigade were disarmed at Peiyuan, six miles north of Peiping, at 8 o'clock last night, the headquarters of the Garrison here announced to-day. The Chinese unit was commanded by Major-Gen. Yuan Yuan-wu.

The arms seized included 3,200 rifles, eleven trench mortars, four field guns, 230 machine-guns and other types of weapons, and a large amount of ammunition, the communiqué claimed.

More than 3,000 Chinese corpses were found in Nanyuan, following the engagement of July 28, Japanese military officers here said. The Chinese authorities placed the casualties at 5,000. Some 100 Chinese soldiers were also captured at Nanyuan.

In addition to 1,000 horses, captured by the Japanese detachment at Nanyuan, also seized were two aeroplanes and four field guns.

Chinese Air Reconnaissance

Tientsin, Aug. 2.

Japanese aerial and land forces were on the alert here this morning following the reported sighting of a Chinese aeroplane engaged in a reconnaissance flight over Tientsin.

Special measures were hurriedly taken in view of persistent reports that the Chinese air force would attempt a bombardment of the Japanese Concession in Tientsin where the Japanese military headquarters are situated.

This operation is regarded as "possible, if not probable" by local Japanese military circles who claim having information in their possession that Chinese aircraft have begun moving north to various temporary bases in Shantung and southern Hopei.

Japanese aerial scouts to-day reported that Chinese Central troops were engaged in digging trenches in the vicinity of Peiping.

Bombing operations were conducted by Japanese squadrons all day yesterday upon Chinese concentrations in the Tientsin vicinity. Land troops also took part in these "mopping-up" operations.—Domei.

Japanese Planes Take Off

Nanking, Aug. 2.

Thirty Japanese planes took off from Tientsin for an unknown destination this morning. One of them appeared over Shichichuang to-day.

Although hostilities at the outskirts of Tientsin have ceased, martial law is still being rigidly enforced in the foreign concessions there.

The populace in Tientsin is facing an acute shortage of foodstuffs, and relief measures are eagerly awaited.

Chinese residents in the Japanese Concession and in the Hopei District, who had been lucky enough to have escaped death during the Japanese aerial bombardment during the past few days, have been forced to hoist Japanese flags, reports received here state.

Word has also been received here from Peiping that students and faculty members and their families at Tsing-tung University have safely moved into the city.

The Ministry of Education has also received a telegram from the Chinese Government in Peking.

Council Would Frown On Forced Conscription Of Troops Under New Order

Agreement Regarding Armed Forces In Area May
Be Called Up; No Action Taken Regarding
Volunteers; 30,000 Drilled Here

GROWING TIDE OF MILITARISM BOUND TO HAVE ITS EFFECT UPON CITY

With a circular issued by the Nanking Government ordering the enforcement of universal military conscription, the whole question of the training of Chinese troops in the Shanghai area has taken on new interest, and, as it was ascertained here yesterday, may be brought into the limelight in the very near future.

During the course of an interview with a high official of the Shanghai Municipal Council, a representative of "The Shanghai Times" was informed that enforced conscription would probably be frowned on in the Settlement. Its practice would not be in accordance with the recognized procedure demanding that a Chinese cannot be removed forcibly from the foreign area without a court order.

It is obvious, however, that the growing tide of militarism in China must have its effect in Shanghai, and it is the belief of some who have studied the problem that it must be the object of an understanding between the powers that be in the Settlement and the Government before very long.

"The people should understand that military service is the duty of all citizens," reads an order from Nanking. "During this period of national emergency, we should adopt all means to strengthen the country. The people throughout the country should wake up and co-operate in its enforcement. Those who should render military service in accordance with the law should especially bestir themselves and enlist in the army with enthusiasm, so as to regenerate the nation."

A Political Basis

It was explained here yesterday that the question of conscription in the foreign areas of Shanghai or even in the Municipality of Greater Shanghai may without difficulty be related to the agreement of 1932 regarding the presence of Chinese armed forces within a certain distance from the city. It and when the matter is discussed by the authorities concerned, however, it will probably be decided upon a political rather than a legal basis.

The Shanghai Municipal Council is able to enforce many things that are vague from a legal standpoint through its control of the police, basing its right to do so upon a recognized status. Large bodies of armed Chinese troops, for instance, have only been admitted to the Settlement on special occasions, such as important State funerals.

As one informant remarked, it would not be easy to write a legal treatise upon the rights of the Shanghai Municipal Council to keep conscription out of the Settlement gates. On the other hand, in a test case Chinese who did not wish to be conscripted could appeal to the police and would receive protection.

The new move toward conscription must not be confused with the extensive training of military volunteers which has been going on in the Shanghai area for a year. The Shanghai Municipal Council has no objection to this, and it has armed unknown-

sary to do so. It is understood that most of the volunteers have been drawn from the Chinese area, and those living within the foreign areas have given the authorities no reason to take action.

Report On Volunteers

As one official pointed out yesterday, the Shanghai Municipal Council itself maintain a sizable Chinese unit in the Shanghai Volunteer Corps and its members have long been respected for their efficiency and service to the community. Under these circumstances it would be difficult to prohibit the training of volunteers unless their presence in the Settlement or the Concession became a menace to peace and order.

According to an authoritative report obtained here yesterday by a representative of "The Shanghai Times," there are now 30,000 men in the Chinese area who have received military instruction in the Citizens Training Corps. At the present time 10,000 more are being drilled, and, upon graduation, these will be replaced by a similar number.

It is particularly important to note that the Chinese volunteers are kept in form after graduation, being fully armed and ready for mobilization at a moment's notice. During a crisis these men would automatically become a part of the national army and would receive the same pay as regular troops.

As volunteers the men supply their own uniforms and receive no pay. They must rise at an early hour every morning in order to show up on time at the training fields, where they are put through their paces for about one hour. At the end of a course lasting three months they are declared ready for service at a mass review.

Taiwan Now Included

Most of the men who have been drilling on the training fields of the Municipality of Greater Shanghai are drawn from the lower middle class, being shop assistants, students or even skilled workers. There is now a tendency to recruit men from the higher brackets, and it has been reported that a unit of well-to-do business men has been taking a course in military training.

It is learnt that the Municipality of Greater Shanghai has been spending money to send an expeditionary force to the Chinese Training Corps for a course in military training.

CHINESE PANIC IN TSINGTAO

Many Seek to Leave City: Travel Offices Crowded

Tsingtao, Aug. 2.

Fear of grave developments in the North China situation has precipitated a wholesale exodus of panic-stricken Chinese from Tsingtao. Yesterday alone over 20,000 are estimated to have left the port.

Chinese officials and their families are said to be leaving as fast as possible. Meanwhile, a long queue of people is waiting outside the offices of the China Travel Service to obtain steamer or railway accommodation. An enormous crowd was at the railway station this morning waiting to board the noon train.

Japanese families, who have been concentrating here from other parts of Shantung since the outbreak of the North China crisis, are also being shipped back to Japan.—Reuter.

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Thousands Flee From Tsingtao Big Panic Grips 20,000 Chinese; Travel Agents Swamped By Demands

JAPANESE LEAVE INLAND CENTERS; TENSION GROWING

Nipponese Families, Concentrating In Northern
Beach City From Other Shantung Parts,
Sail Home; Hankow Colony Uneasy

CHINESE TROOPS PUSH NORTH

(Reuter's Agency)

TSINGTAO, August 2.—Fear of grave developments in the North China situation has precipitated a wholesale exodus of panic-stricken Chinese from Tsingtao.

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Shanghai Reflects Air Of Anxiety; Demands On Shipping From Tsingtao

Jardine Ships Which Went Through Bombardment
At Tientsin Due To-day; More Vessels May
Be Needed To Evacuate Refugees

SCHOOLS AND HOSPITALS PREPARING TO AID IN EXPECTED HOSTILITIES

A definite air of anxiety prevailed in Shanghai yesterday, reflecting the gloomy situation in North China and the exodus of vacationists from summer resorts in adjacent areas.

At Tsingtao residents and visitors are said to be making heavy demands on transportation facilities to Shanghai, and it is possible, though no decision has yet been reached, that the China Navigation Company and other lines may put on extra ships to serve the northern ports, exclusive of Taku and Tientsin.

To-day the Jardine ships, Taksang and Fausang, are expected in from Tientsin, where they were lying when the severe Japanese bombardment took place. Shrapnel fell on the decks of the ships, and the second officer of the Taksang had his hat knocked off by a fragment of shell.

The s.s. Yunnan is still standing by at Tientsin, ready to help in the evacuation of refugees if necessary. Two other ships are waiting at Chefoo for further orders. It is understood that Tientsin and Taku are both quiet, but there are no coolies to serve the loading and unloading of ships.

Plans For Boys Uncertain

News of the anxiety at Tsingtao may possibly change plans for many youngsters who were to leave this week for Camp Tsingtao and other recreation camps at the resort.

Y.M.C.A. officials said yesterday that they had not decided to change their plans, although it might be necessary to do so to-day. A large number of boys will leave by the s.s. Shuntien to-day unless orders are changed. There are at present 101 boys at Camp Tsingtao under the leadership of Mr. Harold Brown and other counsellors. Then there are the following youngsters who are returning to their homes here on Wednesday afternoon by the s.s. Shengking: Nicolas Rookhyadoff, George, Kalfov, Ben Poliakoff, Arthur Krasnopoliz, Thomas Dunne, Samuel Wong, Willie Jaudia, Stanley Lau, Lee Kwong, Paul Chung, Harold Thomas, Alistair Boarden, Michael Malabiko and George Miron.

Medical Preparations

Medical preparations are being made in Shanghai for the possibility of casualties in this area. The Shanghai Committee for the Relief of the Victims of the Japanese Bombardment has issued an order to all hospitals to be ready to receive the wounded. The committee has also asked to concentrate the wounded in the city and to evacuate them to the city as soon as possible.

A large hospital, intended for the care of wounded soldiers, is being established by the French and British at the French Concession. It is expected that the hospital will be ready to receive the wounded by the end of the week. The hospital will be a large building, with a capacity of 100 beds. It will be equipped with all the necessary medical appliances and will be staffed by a large number of medical personnel.

The Red Cross Society in Shanghai is buying large quantities of medicines and bandages for wounded soldiers, who are said to be suffering greatly in Peiping and Tientsin. These supplies are also being sent to Paoing and Tsangchow.

Northern Banks Open

Shanghai banks have reported that their branches in Peiping and Tientsin are still open and the Government notes are still being accepted. There are reports, however, that Japanese currency is to be circulated shortly by the Bank of Chosen.

The train with passengers from Peiping arrived in the city yesterday at 1.45 p.m., six hours late, with 300 refugees from the Northern cities. Service is still being maintained to the North, but passengers for Peiping must stop at Tsinan to change trains for the old capital. The train for Tientsin stops at Tsanvchow.

It has been reported that Japanese have formed an organization for purposes of transport in the event of trouble in Shanghai. They have allegedly secured 200 trucks and 100 motor cars and are seeking to hire 300 White Russian chauffeurs.

23419

Rumors Cause Large Exodus From Chapei

**Area, However, Quiet
Despite Undercur-
rent Of Tension**

Rumors, which defied all efforts at confirmation, yesterday caused a heavy increase in the exodus of Chinese residents from Chapei.

Up to a late hour last night, a steady stream of trucks, rickshas and handcarts, laden with household goods and trunks was making its way into the Settlement from the Chinese areas.

The exodus, which dropped during the end of last week to a negligible extent, began to pick up shortly after noon yesterday. As rumors of impending trouble gained wider currency, large groups of residents started to joined the exodus.

Areas Quiet

Information gathered by THE CHINA PRESS yesterday from responsible sources failed to substantiate any of the widely circulated reports. Chapei and Hongkew were normal and quiet last night, although an undercurrent of tension stronger than during the past week, seemed to exist in the area.

Meantime, the Greater Shanghai Association for the Support of Defense had yesterday launched its campaign for a salvation fund. Appeals were sent to various local organizations and individuals to contribute.

According to the regulation announced by the campaign committee, the money collected in the drive will be turned over to the Military Affairs Commission. The association will forward the names of those making donations of more than \$2,000 to the Military Affairs Commission. Decorations will be given by the association to those contributing \$1,000. Those contributing \$2,000 will receive a decoration from the City Government of Greater Shanghai, while those giving more than \$4,000 will receive official commendation from the National Government.

CHINA PRESS, TUESDAY, AUGUST 3, 1937

**CRISIS CAUSES
LARGE EXODUS
FROM TSINGTAO**

TSINGTAO, Aug. 2. — (Reuters). — Fear of grave developments in the North China situation has precipitated a wholesale exodus of panic-stricken Chinese from Tsingtao.

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Chinese officials and their families are said to be leaving as fast as possible.

Meanwhile, a long queue of people is waiting outside the offices of the China Travel Service to obtain steamer or railway accommodation.

An enormous crowd was at the railway station this morning waiting to board the noon train.

Japanese families, who have been concentrating here from other parts of Shantung since the outbreak of the North China crisis, are also being shipped back to Japan.

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TRAFFIC TO NORTH DISRUPTED

No Foodstuffs to be Sent to
Northern Ports

EXODUS FROM CHAPEI INCREASES

Communications to Tientsin remained disrupted yesterday. The through express to the north only ran to as far as Tsinan, capital of Shantung, while the China National Aviation Corporation's plane flew to Tsingtao instead of Tientsin. The Kurasia's Hongkong-Peiping service has been curtailed, with Taiyuan as the terminus.

Chinese shipping service to the north was practically severed. According to a Chinese message, a group of Japanese vessels on the Shanghai-Nagasaki run have been commandeered by the Japanese Government. Other Japanese vessels for the North China service have likewise been ordered to transport troops.

According to a Chinese message from Tientsin, Chinese banks have reopened for business. The legal tender notes are circulated as usual. Japanese banknotes on the market have been greatly increased.

The Shanghai Cereal Hong Owners' Association in Nantao have issued a circular notice to members, requesting them to suspend any transactions they may have for foodstuffs with dealers in Tsingtao, Yingkow, and Dairen. The Association has organized a party of twenty persons to see that the notice is complied with and to report those members ignoring the notice.

Chinese insurance firms, other trade organizations and residents' associations held separate meetings yesterday when measures to meet any emergency were discussed.

According to a Chinese message from Washington, present indications in America are that the Neutrality Act will not be applied to the Sino-Japanese conflict.

Chapei Exodus

The continued evacuation of Chapei residents gained considerable size yesterday evening as new rumours of impending trouble spread through the Northern area.

It was mainly in Hongkew that the southward movement of families and their possessions attracted attention during the late afternoon and early evening. Many filled removal vans, motor-cars and rickshaws were seen proceeding towards the bridges over the Soochow Creek, destined for the southern part of the Settlement and for the French Concession. Many refugees entered the Settlement from Paoshan Road at North Honan Road, proceeded east to North Kiangse Road or west to North Shantung Road and finally reached the Soochow Creek at the various bridges. Owing to repairs, North Honan Road was not the favourite refugees' highway, as during previous evacuations.

The Hongkew district was generally quiet and most shops there were open for business. The Japanese Naval Landing Party continued to patrol the main thoroughfares, each carrying its own equipment. The Chinese Customs and Police were also present, but their movements were restricted. The Japanese Navy continued to patrol the main thoroughfares, each carrying its own equipment. The Chinese Customs and Police were also present, but their movements were restricted.

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Thousands Flee Chapei To Foreign Districts; War Rumors Blamed

REFUGEE HORDES CROSSING BRIDGES INTO SETTLEMENT

Traffic Southward Toward Safety Taking On New Aspect As Chinese Begin Leaving Yangtzepoo; Rumors Fly, Rents Soar; Bonds Slack

JAPANESE EVACUATING CANTON

THE frantic exodus of Chinese residents from the northern districts of the city to places in the Settlement and Concession south of Soochow Creek increased to huge proportions last night and today, thousands of people swarming out of Chapei with bag and baggage. The rush was swelled by hundreds from Wayside and Yangtzepoo districts, which hitherto have been comparatively quiet. At press time this afternoon hordes were moving across nearly all bridges over Soochow Creek, bound south.

Between 7 a.m. yesterday and 7 a.m. today approximately 16,000 Chinese left Chapei, according to Municipal Police estimates this morning. Between 4 p.m. yesterday and 7 a.m. today about 850 had moved out of Wayside, and this morning scores more joined the parade from Yangtzepoo. Garden Bridge, Chapoo, Szechuen, Kiangse, Shansse, Fokien, Chekiang, Yu Ya Ching, Wuchen, Tatung and Heng Foong Road bridges were crowded with riches, wheelbarrows, and pushcarts, piled high with household goods that literally buried their owners.

EQUALS 1932

This continual stream of humanity from Chinese territory to the safety of the foreign areas equals, if not exceeds, the great exodus of Chinese from Chapei early in 1932 just prior and during the Sino-Japanese hostilities here.

The removal from northern and eastern Settlement districts was a new aspect of the movement that has been underway for almost two weeks. Traffic is extremely crowded in the Central District as a result. The refugees are scattering everywhere through the Settlement and Concession, centering chiefly in the Chinese hotels and lodging houses of Peking and Yu Ya Ching Roads, but many are moving on across into Nantao. Whereas the exodus formerly was confined to men moving belongings to safety and then returning home, the crowds now are swelled by women and children, and obviously the refugees are moving to stay.

PATROLS WATCHFUL

There has, however, been little movement noted out of the Hongkew district. Municipal Police are doing the best they can to direct the crowds of refugees, and police patrols are now composed of four men together where formerly they patrolled singly in daytime.

The North Station presented an unusual scene today, crowded with people and baggage. Special trains are running on the Shanghai-Nanking and Shanghai-Hangchow Railways to accommodate increasing traffic. Nanking Chinese are arriving and Shanghai Chinese are departing. About 25,000 people move through the station a day, according to railway officials; officials denied today that the number had swelled to 40,000 as reported this morning. Trains, however, are packed with people and Chinese, and there is a greatly increased demand for river boats and vessels going down the coast and to Hongkew.

MANY RUMORS

Shanghai is a city of rumors, and rumors alone are chiefly credited for this state of affairs. Among the scores of stories that drifted through Shanghai today, brought by Chapei residents and other elements were: (1) that China is to declare war on Japan tomorrow, starting the campaign in North China and in Shanghai and other cities where Japanese forces are present; (2) that the Police Bureau has notified Chinese residents in Chapei, especially those in the section adjoining Wayside area, to move in three days, as Chinese will attack that section in the event it is used as a Japanese military base, and attacks on Hongkew will be aimed at the Japanese Landing Party barracks; (3) that thousands of Chinese troops, mostly in plainclothes, are in Chapei, Kiangwan, Woosung and other areas, digging in during the night, and that General Chang Fah-kwei of "Ironside" fame is said to have established headquarters in Sunkiang to direct operations; (4) that a traitorous Chinese rice merchant supplying rice to Japanese in preparation for the forces due to arrive from Japan was caught in Wayside and the go-between was also seized, and both shot on the spot; therefore Japanese are planning reprisals; (5) that Japanese are placing anti-aircraft guns in Hongkew.

BONDS UNCHANGED

These rumors and many more are rife. The Japanese are not slow to put forward their own rumors. One today blamed the exodus on Paoantui activities in Chapei.

The Chinese government bond quotations remained unchanged this morning with but a negligible amount of transactions recorded. The only change took place during the morning session at the China Merchants' Bond and Stock Exchange as compared to the quotations of yesterday was the slight gain of 40 cents in the 96 Millions. At the closing this noon, the quotation was \$9.10.

FLIGHT FROM CANTON

(Reuter's Agency)

CANTON, Aug. 5.—An undercurrent of anxiety prevails throughout the city as a result of the wildest stories concerning the intentions of the Japanese regarding Canton.

Transportation to Hongkong has been packed during the past few days, and foreign banks are very active because of increased Chinese deposits of monies and jewelries.

A number of Japanese families evacuated last night on official orders, while it is understood that certain Japanese

(Concluded from Page 1)

firms are arranging for foreign firms to take over their business in the event of hostilities.

Meanwhile, large-scale military preparations are proceeding.

The Government is reported to have chartered 200 launches, allegedly for transport from upriver ports.

JAPANESE LOSSES IN NORTH CHINA

(Reuter's Agency)

TOKYO, August 5.—The Japanese forces in North China lost 364 men killed and 869 wounded between July 7, the date of the Lukouchiao incident, and August 4, according to an announcement today by the War Office.

SMALL CHINESE FORCE SAID ROUTED

(Domest)

TIENTSIN, Aug. 5.—Japanese forces operating south of Changhsintien, 20 miles from Peiping on the Peiping-Hankow railway, yesterday noon defeated a Chinese unit of between 70 to 80 men outside Liangsiang, the Japanese headquarters here announced this morning.

The Chinese left about 20 dead, 30 rifles and more than 300 hand-grenades behind them, the communiqué stated. The Japanese forces did not suffer any casualties, according to the announcement.

JAPANESE BANKS AID

(Domei)

TOYKO, Aug. 5.—Following the example set by Osaka institutions, member banks of the Tokyo Clearing House today waived the terms of fixed-term deposit contracts in the case of conscripted officers and men and their families.

Effective today, sums up to Y.1,000 may be drawn from fixed-deposit accounts even though the bank is not bound by contract to make such payments.

Similar steps will be taken by banks throughout the country to alleviate the financial strain caused by the enlistment of family wage-earners.

Tsai Coming Here (Reuter's Agency)

CANTON, Aug. 4.—After visiting Canton for one day, during which he called on the local military leaders and laid a wreath at the cemetery for soldiers of the 18th Route Army, General Tsai Ting-kai left for Hongkong tonight to catch the Empress of Japan for Shanghai, whence he intends to proceed to Nanking.

Interviewed by Reuter, General Tsai, who is now grey-haired, declared that he had decided to sink all personal differences and fight under a united banner for China should diplomatic exchanges fail and war break out.

The Central Government, he added, had already organized its defense policy, and his trip to Nanking was for the purpose of offering his services to the Generalissimo.

General Wu Teh-chen, Governor of Kwangtung, and the highest military leaders in Canton thronged the smoke-room of the steamer to wish General Tsai bon voyage.

Inspect Troops

(Kuo Min News Agency)

KWEIHUA, Aug. 4.—Owing to the tense situation in eastern Suiyuan, Lieut.-General Chao Cheng-shou, Commander of the Shansi-Suiyuan Cavalry Forces left here for Tatung, northern Shansi, by rail on Monday night to inspect his troops.

A meeting of 200 civic leaders was convened yesterday by the Air-Defense Headquarters for Suiyuan when measures governing air-defense and completion of air-defense equipment were decided upon.

Air Defense Ordered

(Kuo Min News Agency)

HSUCHOW, Aug. 4.—In view of the geographical importance of Hsuehchow and Hsuehchow, northern Kiangsu, air-defense measures are being instituted by the local authorities to protect the public during the extraordinary period of emergency. Large-scale maneuvers will be staged in order to show the people what to do in case of enemy air raids.

Donations Received

(Kuo Min News Agency)

NANKING, Aug. 4.—A sum of \$30,000 was received here yesterday by the Government from the millionaire brothers, Messrs. Hu Wen-hu and Hu Wen-pao, well-known overseas philanthropists, towards the fund for the care of wounded soldiers and refugees in North China.

Air Lines Resumed

The service of the China National Aviation Corporation to different parts of the country was resumed today after a day's lay-off yesterday due to the typhoon. The firm's planes for Hankow, Tsingtao, and South China all left this morning on schedule. A C.N.A.C. plane left for Tsingtao, a Douglas DC2, with four passengers, which will come back to Shanghai this afternoon. Eurasia's plane left Taiyuan today for Hongkong on its regular schedule while a plane left Shanghai for Chengchow this morning to connect the Taiyuan-Hongkong line. Trains continued to make Tsinan the terminal. The incoming Blue Express from Tsinan arrive every day in the afternoon, about six hours behind the usual schedule.

Aid Fund Plans

The recently organized All-Shanghai Association for the Support of Armed Resistance had already formed elaborate plans according to which every individual, business firm and public body in the city will be requested to contribute to an aid fund. Contributions will be payable in

installments, employees pledging a certain amount from each month while employers make monthly, semi-annual or annual donations based on profits. The association is also calling for physically fit recruits for the formation of nine service corps, namely, police and order maintenance, publicity, engineering, communications, transportation, first aid, fire prevention, burial and contributions canvassing.

Medical students from National Tungshui University and the National Medical College of Shanghai leave here today for the North to aid wounded soldiers and civilians. This group under the direction of the Red Cross Society of China is the first to be sent from this city. With it go large supplies of medicine and first-aid equipment while further orders for \$100,000 worth of medicines are reported to have been placed. Additional funds for this type of work may be raised by the sale of patriotic stamps similar to the Christmas seals sold in America. Post offices throughout the country will be asked to handle these stamps. Patriotic badges are another possible source of funds.

Rents Rising

A real estate boom bringing about increase of rents has resulted in the Settlement and French Concession from the exodus of refugees from the Chapel and Hongkew areas caused by the continued trouble in North China. Living quarters are becoming increasingly difficult to find and houses long empty are again showing signs of life. Although reputable firms are against profiteering, some unscrupulous house owners have been increasing their rents. Those refugees who delayed their departure until the last day or two are finding particular trouble in getting settled in quarters at a reasonable rate.

Rent increases of from \$5 to \$20 a month are reported while landlords are also demanding two months' deposit, two months' rent in advance and the signing of one year lease. This action is the result of past experiences when refugees from the same areas returned to their own homes without notice, leaving the houses in a state of disrepair which robbed owners of profit. Storing space for household effects alone now costs from \$25 to \$30 while unfurnished rooms are going for about \$30. Large families are crowding into single rooms.

A relief committee to study the housing problem and profiteering has been suggested. Besides the profiteering charge against them, some landlords are charged with deliberately spreading wild rumors in order to stimulate the exodus from Chapel and Hongkew. They are said to have had such success that foreign residents are also taking alarm and leaving their homes in those areas.

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Bureau Of Social Affairs Organizing Corps To Assist Behind Lines; Red Cross Society Also Makes Preparations

Under the direction of Mr. Pan Kung-chan, Commissioner of Social Affairs, work to organize the corps is now in progress among all local schools where students are asked to join-up. Mr. Pan, according to information obtained here yesterday, will himself assume the post of Commander of the Student Service Corps.

Will Prevent Confusion

The Society has also announced plans for a nation-wide first aid training project to those who are interested. No fees or tuition will be charged. In addition to this a medical corps has been organized by the Society which will bring medical skill and material to the wounded.

In the meantime in co-operation with the National Health Administration in Nanking, the Red Cross Society recently announced the inauguration of an All-China First Aid Center, with its head office stationed in the Capital. A financial drive for the purpose of purchasing

medical equipment is being made among local financial leaders.

According to a discussion conducted by Dr. J. Heng Liu, among medical men and local financiers at least \$200,000 will be needed for first aid purposes. To this plan, Dr. Li Hsi-gan, Mr. Tu Yuesh-an, Mr. Y. M. Ch'ien and several others have concurred.

Aside from all these, the Red Cross Society is also organizing two batches of first aid corps to be sent to the Northern front, soon.

Discipline To Be Enforced

Reports were current several days ago that the headquarters of the Red Cross Society were to be transferred from Shanghai to Nanking. This, however, has been officially denied.

corps is to be furnished by the schools.

Red Cross To Aid

To be included among the work of the student corps are publicity, defense, technical work, transportation, campaign for raising aid funds, and espionage. Students enlisted in the corps will wear the uniforms of the student schools. The operating system for the

In order to meet the urgent demand in the North, the Red Cross Society of China, whose headquarters are located in Shanghai, have enabled to all its branches in North China to conduct actual first aid work in the war zone, according to a letter sent to The Chinese Press yesterday.

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Reports Reach Tokyo Of Severance Declaration Now Ready In Nanking

STEADY ENVELOPING OF PEIPING-TIENTSIN AREA BY TROOPS

**Vanguard Of Main Body Reported To Be Massed
At Paotingfu; General Yen Hsi-shan Has
Conference With The Generalissimo**

Domei reports from Tokyo that, according to Nanking messages reaching the big newspapers there, a declaration of the severance of diplomatic relations with Japan, to be promulgated following its approval by the Central Political Council, has been drafted by the Legislative Yuan.

The reports add that a national defence programme, already approved by the Military Affairs Commission, will be considered by the military conference on Friday.

The Nanking Government was also reported to have decided to enforce nation-wide military conscription.

Tree Movements

Messages from Nanking, Peiping and Tainan reported a steady enveloping of the Peiping-Tientsin area by Chinese troops in Chahar, Southern Hopei, Shansi and Shantung.

The main body of the Nanjing Government's troops, estimated at 2 divisions, was reported to have been concentrated along the Peking-Hankow Railway. The majority of this force was said to have been based at Peking, where strong defence works were reported to be under construction.

The vanguard of the Chinese troops fringing the Tientsin-Pukow Railway was said to have established its positions at Tungchow and Machang.

The Eighty-Fifth Division, commanded by General Chen Tieh, and 2,500 men, headed by General Hu Young-nan, were reported in messages from Tsitsien to have passed

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THE NORTH-CHINA DAILY NEWS, WEDNESDAY, AUGUST 4, 1937

MOTOR TRAFFIC IS DIVERTED

Precautionary Measures of the Local Authorities

Owing to precautionary measures adopted by the Chinese authorities in the Shanghai district, road traffic is being diverted and motorists are subject to examinations; according to information received by the "North-China Daily News" yesterday.

Motorists using the road from Chenju to Soochow Creek, for Pearce Avenue and Brennan and Rubicon Roads, after dark are being turned back by Chinese gendarmerie officers and made to proceed via Chapei and Chungshan Road.

Between Soochow and Shanghai, it is learnt that motorists must be prepared for numerous stops and examinations by the Chinese military.

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THE CHINA PRESS, TUESDAY, AUGUST 3, 1937

**JAPANESE HOLD
MANY NEWSMEN
IN OLD CAPITAL**

With a view to suppressing popular opinion, Japanese military authorities yesterday arrested 19 Chinese newspapermen in Peiping, according to a dispatch from the ~~ancient~~ capital published in the ~~Wen Pao~~.

After lengthy questioning, the dispatch said, 12 of the arrested group were released, while the rest were forced to sign papers, confessing their participation in anti-Japanese activities.

One of those arrested and now still detained, according to the report, is Dr. Wilson Wei, Editor-in-Chief of The Peiping News, an English-language daily published under the auspices of the Honai-Chaha Political Council.

Up to now, the message added, five newspaper offices have been closed by the Japanese.

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General Chiang Believed To Be In Precarious Spot

Japanese Newspaper Outlines Predicament Of The Leader; Rallied Country Under Anti-Nippon Banner And Now Unable To Stem Tide

Generalissimo Chiang Kai-shek has been counselled by his two highest Chinese military advisors to resign after accepting "minimum Japanese demands" and thereby assume the responsibility for China's failure to "resist Japanese aggression."

This sensational report was carried by the Shanghai "Nippo," one of the three local Japanese newspapers, yesterday morning. This daily and the Shanghai "Mainichi" displayed prominently long special articles describing in detail the alleged conflicting political currents now flowing in Nanking as a result of the developments in North China.

General Ho Ying-ehin, Chinese Minister of War, and General Chang Chien, Chief of Staff, were the two officers named by the "Nippo" in its report.

Pointing out that a war with Japan at the present moment would have a disastrous effect on the unification and military readjustment programmes of the Nanking Administration, they are alleged to have opposed immediate hostilities.

Year's Preparation

As a result they have come into direct conflict with the younger and more radical element in the Chinese Army which favours the launching of a large-scale war at once.

In the opinion of General Ho and General Cheng, a year's preparation would be necessary for waging a successful war against Japan.

These views they are stated to have communicated to General Chiang a few days ago, according to the "Nippo."

Members of the first graduating class of the Whampoa military academy, the alma mater of China's Nationalist Army, were further reported by the "Nippo" as favouring war against Japan at once.

The "Mainichi," in a special Nanking despatch, described General Chiang as finding himself "in a dilemma of his own making."

After utilizing anti-Japanism as a rallying cry for his programme of unification, the Chinese generalissimo was alleged to find himself in a predicament because of the sudden turn taken by the situation in the North.

Job Seekers

Alleged to be jockeying into a commanding position in Nanking's affairs, by taking advantage of these "difficulties," were said to be General Feng Yu-hsiang, the "Christian general" and vice-chairman of the Military Affairs Commission; Mr. Sun Fo, son of Dr. Sun Yat-sen and president of the Legislative Yuan, and other members of the allegedly "pro-Soviet" faction.

In an effort not to become further involved in this "difficult situation," General Chiang, the "Mainichi" correspondent predicted, would avoid direct diplomatic negotiations with Japan, but would energetically seek to secure foreign mediation.

This procedure, the writer pointed out, would save General Chiang from "losing face" and thus would divert a threat to his present position of virtual dictator.

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Chinese Believe Nanking Ready To Launch War

Alleged Troop Advance
Whips Up War Fever
In Shanghai

ANTI-GOVERNMENT FEELING AVOIDED

Nanking Realizes Grave
Consequences If War
Actually Begun

With Japanese armed forces in full control of the Peiping-Tientsin area and allegedly pro-Japanese regimes being set up in the two principal cities of North China, attention is now centered on Nanking's next step, which may mean a Sino-Japanese war or China's submission to Japanese aggression, which would involve a great "loss of face" and a possible outburst of anti-government feeling.

The general Chinese public in Shanghai is definitely laboring under the notion that Nanking is out to fight against the Japanese, with the immediate goal the recovery of Peiping and Tientsin and the more remote ultimate goal the recovery of the "lost territory" of Manchuria.

Fever Rises

The Dongel report, yesterday that General Chiang Kai-shek was ordering troops to advance northward from Peiping, which, though suppressed by censors, gained wide circulation through newspaper bulletins and radio broadcasts, brought the war fever to a new climax.

Many Chinese observers, particularly those urging and hoping for a war of resistance against Japan, interpreted the recent Nanking action as a step along the way to the liberation of the lost lands of the Great Eastern Republic. In Soochow today, the announcement of an order for the arrest of Mr. Kuo Mu-jo, prominent anti-war writer who slipped back to Shanghai after a 10-year exile in Japan, on Tuesday; the lifting of bans on "National Salvation" songs including the suggestion for popular "Fight Our Way to the Old Home" and the subsequent broadcast of these songs over the Central Broadcasting Station in Nanking; and the reported march of the Red Army from Southern Shensi to Suifu, are among the "war preparations" mentioned.

Minor War

A smaller section of Chinese observers, however, believe that Nanking fully understands the situation in North China and that the central government will not allow troops to advance into the area.

While the general public is laboring under the notion that Nanking is out to fight against the Japanese, the opinion of the government is still out. The government will not allow troops to advance into the area.

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THE SHANGHAI SUNDAY TIMES, AUGUST 1, 1937

Truce Pact Here Said Violated

Demarches Reported To Be Made By Powers To Chinese

Alleged Chinese violations of the terms of the Shanghai truce agreement have been made the subject of international representations to the Chinese authorities, the Shanghai "Nippo" reported yesterday.

Objections have been offered, the Japanese daily said, to the increase of the Peace Preservation Corps strength from 2,000 men at the close of the Shanghai "war" to 6,000; the reconstruction of the Woosung forts, and the construction of trenches in the vicinity of Chenju.

The equipment, including the partial motorisation of the Peace Preservation Corps, has also been unfavourably commented upon as constituting a violation of the spirit of the armistice agreement, the "Nippo" said.

These demarches were made, the daily asserted, at a meeting held by the representatives of four Powers, parties to the original truce agreement, held at the French Consulate-General on June 29.

Also present were Japanese and Chinese delegates, the latter being headed by the then acting Mayor, Mr. O. K. ...

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City Government Forbids Parades

Delicateness Of No. 1 Situation Prompts Precautions

Acting on instructions from the City Government of Greater Shanghai, Mr. Fan Kung-chian, commissioner of Social Affairs, yesterday issued orders prohibiting unauthorized meetings, parades and demonstrations in view of the delicate situation prevailing in Shanghai as result of the tension in North China.

Anti-Japanese demonstrations in Shanghai at this time may lead to mob activities and international complications, it is feared. While all precautions are being taken by the Chinese authorities to maintain peace and order in Shanghai, no martial law has been proclaimed, it is ascertained today.

Patriotic activities continue among the Chinese despite the disappointment over the Chinese evacuation of Peiping and Tientsin. Anticipating fresh hostilities on a larger scale in North China and, eventually, other areas, various "war service corps" and first-aid corps are being organized by Chinese public bodies.

The Chinese government bond market remained closed today and the official reason given was that the Chinese Bond and Stock Exchange, the sole market for bond transactions, requires a two-day closure to practice with the new style book-keeping.

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Atrocities Intensify China's Determination To Resist Japan

Wires Pouring In To Support Gen. Chiang's Stand

DESTRUCTION STIRS RESENTMENT

Country Will Not Tolerate Bogus Regime For Hopei Prov.

NANKING, July 31.—(Central).—The Japanese bombardment of Tientsin with its heavy toll of human lives and property has intensified China's grim determination to resist to the bitter end, a survey of influential opinion in Nanking by the Central News Agency reveals today.

Telegrams pouring into the capital show that the entire nation is rallying to the stand enunciated by General Chiang Kai-shek that there will be no turning back once the hostilities have started.

High officials interviewed this morning are all of the opinion that comparative quietude in the last 24 hours constitutes but an ominous lull before the storm.

They quote General Chiang's words that "the only thing to do is to put into operation the government's comprehensive plan for leading the entire nation in a struggle to the bitter end."

Nation Indignant

A wave of indignation sweeps over the entire country as the details of the alleged Japanese atrocities are received from the war area in the north.

Wholesale destruction of human property and the ruthless killing of defenseless civilians are reported in Chinese newspapers this morning. The main indignation which has spread throughout the country is that the Japanese are not only attacking the Chinese but are also attacking the Chinese people.

Chinese citizens everywhere have expressed their indignation at the Japanese atrocities. They are determined to resist to the bitter end.

Hacked To Death
According to the reports all victims with hands tied behind their backs were apparently hacked to death. Two of them were decapitated.

Questioned concerning reports of a movement afoot to organize a so-called "self-governing" body in Peiping, Chinese officials unhesitatingly declared that the movement was but a device employed by the Japanese to camouflage their military rule.

"Our experience in Mukden and East Hopei," one official remarked, "has made us familiar with this Japanese method for extending domination over the Chinese territory. No pseudo-autonomous bodies could exist anywhere in China without the presence of Japanese troops."

"It is out of question," he added, "that North China would for a single moment tolerate the creation of a bogus regime in the Peiping and Tientsin area."

Japanese Atrocities

TIENTSIN, July 31.—(Central).—Eyewitness accounts of Japanese atrocities in Tientsin continued to pour into editorial rooms and news columns here today.

At Kowloon Hutong, Japanese soldiers were seen sprinting barefoot on Chinese homes, which they subsequently set afire. Then without any warning they machine-gunned the frightened people as the fleeing rushed out from their burning houses.

On Yankow Road in the city, where the headquarters of the Japanese was located, Japanese soldiers threatened their methodical killing of defenseless civilians.

Chinese newspapers today brought news from Tsing-Howang reported to have been the massacre of Chinese civilians. The victims made the target of the Japanese soldiers' rifle and machine-gun.

Adding insult to injury Japanese soldiers in Tsing-Howang reported to have been the massacre of Chinese civilians. The victims made the target of the Japanese soldiers' rifle and machine-gun.

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News Briefs On North China Crisis

26,543 Youths Conscribed

Altogether 26,543 out of a total of 32,306 youths between the ages of 20 and 25 have been enlisted in Nanking under the Conscription Act which is being enforced here.

According to figures from the local conscription office, 2,779 persons have been exempted from ordinary conscription while 2,697 others have been allowed to postpone their enlistment to a later date owing to various reasons says Central News.

Wedding Ring Contributed

HANKOW, July 31.—(Central).—A gold wedding ring and an earpick have been received by the local Association for the Support of Armed Resistance against Japan as contributions to the "war chest."

Japanese Active In Tsingtao

TSINGTAO, July 31.—(Central).—Japanese plain-clothes men, disguised as Chinese, are reported to be active here, attempting to spy into Chinese military secrets, against which the Chinese authorities are taking precautionary measures.

With the outbreak of Sino-Japanese hostilities in the Tientsin-Peiping area, another batch of over 100 Japanese residents have evacuated various cities along the Kiaoai Railway and arrived here.

Japanese Quit Hangchow

SHANGHAI, July 31.—(Dome).—Alarmed by the events in North China, 23 Japanese women and children arrived here from Hangchow on Friday.

Included among them was Mrs. Yuse Matsumura, the wife of the Japanese vice-consul in Hangchow, and their three children.

The group was escorted by Chief Masachi Yamakita, of the Hangchow Japanese Consular Police, who returned to the Chekiang city early yesterday morning.

Generals In Cheongchow

CHEONGCHOW, July 30.—(Kuomin).—General Hsu Tung-chang, Director of the Administrative Office of the Military Affairs Commission, General Hsiao Shih-pai, Chairman of the Kiangsu Provincial Government, and 1st Lt. General Hsiung Pin, Vice-Chief of the General Staff, arrived here from Nanking by airplane yesterday. They subsequently embarked for Peiping, provincial capital of Hebei, to confer with General Sun Chuan-wei, Chairman of the Hebei Provincial Political Affairs Commission, and Commander of the 1st Army, concerning further resistance against the Japanese.

Shanghai Journalist: Mr. Wang Yun-sheng of the Ta Kung Pao; and Mr. Hu Yu-chih. They party disbanded at 7 o'clock p.m.

Irregulars To Renew Attack

TAIYUAN, July 31.—(Central).—"Manchukuo" and Mongol irregulars are making plans for a renewed attack on Suiyuan following the dramatic turn in the Peiping-Tientsin situation, according to messages received here.

In view of the grave situation, General Yen Hsi-shan, Pacification Commissioner for Shansi and Suiyuan, has instructed his troops on the front to take precautions against any emergencies.

Envoys See Hsu Mo

NANKING, July 31.—(Kuomin).—Sir Hugh Montgomery-Kitchbull Huggessen, the British Ambassador, called on Mr. Hsu Mo, Political Vice-Minister of Foreign Affairs, yesterday at 4 p.m. regarding the Northern situation.

Dr. Oskar P. Trautmann, the German Ambassador, also called on Mr. Hsu Mo in the same connection.

Honda Calls In Nanking

NANKING, July 31.—(Kuomin).—Commander T. Honda, Japanese Naval Attache, called yesterday on General Tsao Hao-sen, Political Vice-Minister of War, and Admiral Chen Shao-kuan, Minister of the Navy.

In the course of the interviews, Commander Honda said that the Japanese Third Fleet regretted the outbreak of hostilities between the Chinese and Japanese troops in the Peiping-Tientsin area. Every effort will be made to prevent the incident from spreading to other parts of the country, he said, but in the latter eventuality the Japanese Third Fleet cannot but adopt all necessary measures.

He hoped that the Chinese authorities will prevent the outbreak of unfortunate incidents in Central and South China.

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NO MASS MEETINGS. PARADES ALLOWED

Precautionary Measures by
Chinese Authorities

SHANGHAI SITUATION REMAINS QUIET

Mass meetings and processions have been prohibited by the Shanghai City Government. A circular order to this effect has been distributed among local public bodies and labour unions by the Bureau of Social Affairs.

This action is taken by the authorities to avoid any untoward incident when extreme tension prevails in the north. Special precautionary measures for the maintenance of peace and order are understood to have been taken by the Chinese Police and military organisations.

Hongkew and the Northern area generally remained quiet yesterday, with a dwindling exodus of Chapel residents leaving their houses and shops for districts south of the Soochow Creek. In many cases it was only a matter of shifting the most valued possessions to safer ground and then return to the old residence. The evacuation was considerably smaller than on Friday, when it was not really large. Rickshaws again were the favourite means of removal.

Situation Discussed

Measures to meet any emergency were discussed by local civic leaders and bankers in separate gatherings. Mr. Sun Fo, President of the Legislative Yuan, invited local businessmen to his residence in Columbia Road on Friday, when their hearty support to the Government was encouraged and discussed. Local Chinese bankers also met and discussed the financial situation with Mr. T. V. Soong, Chairman of the Bank of China and member of the Standing Committee of the National Economic Commission. Mr. Hsu Kai, Vice-Minister of Finance, also arrived from Nanking. Measures for the stabilisation of the monetary and other markets were discussed.

In a telegram to its branch offices all over China, the Chinese Red Cross Association asks that immediate preparations be made for the organisation of first aid corps. The Red Swastika Association is maintaining four such corps in the north. Local charity organisations are planning to establish war refugee camps in the north.

A meeting of Chinese insurance firms is scheduled to take place tomorrow when opinions on the insurance policy will be solicited.

Communications Disrupted

Communications between Shanghai and Peiping have been severed, while those to Tientsin are partially disrupted. Aeroplanes to Tientsin now land at Tientsin. The express train from the north arrived from Tangtiansun, are station below Tientsin, yesterday morning, while the north-bound express is expected to make Changchow as the terminus. Mails to the north are still accepted. Radio and telegraphic communications with Tientsin are open.

According to a Chinese report from Tientsin, Chinese citizens have been prevented from leaving on their normal business and the merchant have gathered at a safe place for their goods. It is understood, however, that the Chinese are still in their work.

Employees Quit Work

More than 100 Chinese employees and domestic servants in local Japanese firms and homes have quit their service during the past few days, states a report to the "China Times." This voluntary withdrawal of the Chinese came in spite of Japanese offers to increase their salaries or otherwise improve their treatment.

As a result of the boycott, it is reported, the Japanese firms and homes concerned have been compelled to take White Russians into their employ.

Among the most publicized of these cases is one concerning Wang Ah-yu, a rickshaw puller employed by a Japanese family for more than 20 years, who finally left the service in accordance with "the dictates of his conscience."

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Groups Rally To Support Of Defenders

Shanghai Feverishly Or- ganizing For Emer- gency Service

Rallying to the aid of their country, several other organizations in Shanghai announced yesterday plans to co-operate with the National Government in fighting the Japanese invaders.

Nearly every organized group in the city, from the taipans to the 430-a-month office workers, are mapping plans to help the Chinese armies. The women also are organizing for war work, with activities centered about the Chinese Women's Club, which will hold an emergency meeting Monday. Even children are being organized with several Boy Scout units in Shanghai being called out in the mobilization of 500,000 scouts over 15 ordered by Nanking.

Answering the call of the National Government, the National Y.M.C.A. of China has established a hospital in Paoing to care for wounded soldiers.

Seventy-seven injured men were cared for in the hospital on the first day of operation, July 27.

Y.M.C.A. Launches Drive

A drive to raise \$60,000 for war work, the first phase of which is the care of wounded soldiers, is being launched by the Y.M.C.A.

Headquarters of the Emergency Service for Soldiers Committee have been established at the National Committee Y.M.C.A., 121 Museum Road.

The Y.M.C.A. is not recruiting volunteer workers yet as it has sufficient workers at present in the war area. Mr. D. W. Edwards, regional secretary for North China of the Y.M.C.A., is directing the work at present.

Mr. Chester Chen, General Secretary of the Tientsin Y.M.C.A., has also been sent up to Tientsin especially to supervise the war work.

The Shanghai Christian Federation, which includes representatives of nearly all of the Christian bodies in Shanghai met Friday to map plans for emergency action.

The Shanghai Christian Federation, which includes representatives of nearly all of the Christian bodies in Shanghai met Friday to map plans for emergency action.

that it will co-operate with the Y.M.C.A. in its work on the northern front so as not to conflict with the association.

Meanwhile, the federation will launch a drive to raise money to carry on these activities.

The hospital at Paoing of the Y.M.C.A. is the first hospital for wounded soldiers established in the North. The Red Cross Society of China is also making plans now to organize a first aid unit to send to North China.

A special emergency meeting to map plans for war work will be held by the Chinese Women's Club at its clubhouse tomorrow at 4.30 p.m. The members are asked to bring suggestions on what the club can do.

The main program of war work, however, is centered about the All-Shanghai Armed Resistance Association, which has launched a financial drive to aid Chinese troops on the Northern front.

Donations are being received at some 404 local banks and newspapers.

At least 6,000 sets of short-sleeved shirts and shorts are in demand for the wounded Chinese soldiers on the Northern Front, according to an interview with officials of the All-Shanghai Armed-Resistance Association.

Each set costs around \$1.10. The association made a plea to the Chinese community in Shanghai for donations either in the form of clothing material in order to meet the demand. These donations will be received at the Red Cross Society of China, 363 Avenue Haig.

For fear that anti-Japanese demonstrations in Shanghai may lead to mob activities or international complications, local organizations and guilds have been warned by the Bureau of Social Affairs of the City Government of Greater Shanghai not to hold unauthorized meetings or parades in view of the national crisis.

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Writer Sees Need For Pact With Soviets

U.S.S.R. Said Directly
Concerned In Sino-
Japan Conflict

By PERCY CHEN

Impending hostilities between China and Japan have disclosed that in Far Eastern Questions there are only three nations immediately interested and concerned. They are China herself, Soviet Russia and Japan.

Far Eastern Questions are those which concern the economic and political relations of these three countries. They are questions of the Asian mainland. And no matter how important the colony of Hong-kong may be to the defense scheme of Britain's possessions in the South Pacific, still the present state of British armament cannot permit her to interfere in the momentous events that are on the eve of taking place between China and Japan. That China has the goodwill of England is not left in doubt—after reading the expressions of the English Press both at home and abroad.

In the case of the U.S.A. she may be interested in questions of the Pacific Ocean. But these are not of the same fundamental character as those of the Asian Mainland which we Chinese understand as Far Eastern Problems. The questions involved in the Pacific Ocean, primarily questions of trade routes, are of such a nature that they can be said to change with the appearance of every new situation. For example, the interests of the U.S.A. today remain in the West Pacific, inasmuch as the Philippine Islands have not achieved their full independence. But just as soon as Philippine independence is an accomplished fact, even this thin interest of the U.S.A. will disappear from the West Pacific Ocean.

Probably True

The latest developments have shown that my thesis concerning Britain's real power in the Far East is probably true. Britain has not the necessary strength in ships, men, and planes to influence events in China. It is well known that during the last Imperialist War Britain had to rely upon the Japanese navy and land forces for the protection of her possessions East of Colombo. And in this present world situation Britain's military and naval commitments in Europe and in the Mediterranean heavily restrict her of sending her vital troops overseas with ease. In these circumstances, Britain's position of interest in the Far East is not a strong one.

Therefore, the only power that can be relied upon in the Far East is the Soviet Union. The Soviet Union is the only power that has the strength to influence events in China. It is well known that during the last Imperialist War the Soviet Union was the only power that was not involved in the conflict. This was due to the fact that the Soviet Union was not a member of the League of Nations at that time. However, the Soviet Union is now a member of the League of Nations and is in a position to influence events in China.

Had the rapprochement been achieved, the present critical situation might have been avoided or at least postponed for some time. We have more to gain than to lose by a postponement of the conflict. But this is well known to the Japanese militarists, who inflict war upon us because they fear the development of a strong China united under the leadership of the Kuomintang Government with general Chiang Kai-shek at its head.

Last December, in these pages, I offered four conditions for a rapprochement between Soviet Russia and China. They were:

1. The agreement must be for the maintenance of peace in the Far East.
2. The agreement must be open and invested with the sanction of the League of Nations.
3. It must be on the basis of equality, including the respect of the internal structure of each country.
4. The agreement must be concluded between the two governments.

A Stabilizing Force

Had such a rapprochement taken place during the last six months, it is probable that the peace of the Far East would not have been in so precarious a situation, if not actually broken by the thunder of warfare between China and Japan. The stabilizing strength of any agreement between China and Soviet Russia would have deterred Japan from taking steps to provoke hostilities, as she did at Lukouchiao against China and as she did on the Amur a few weeks ago against Soviet Russia.

As we now know, the provocation against Russia at the Amur island "Bolshoi" was to test the temper of the Russian Government. Japan found that the Russians were not to be drawn into a fight over such a small affair and concluded, wrongly no doubt, that Russia is weak or does not want to fight. Litvinoff's statement however "that any attack by Japan on the territory of Soviet Russia will call forth violent resistance and death to the invaders" indicates that the Russians are both ready and prepared for eventualities.

Such an agreement would therefore have worked in favor of peace and not against it. It is not too late for China and Soviet Russia to reach an agreement between themselves setting their intentions vis-à-vis each other on record and thus accept the guaranteeing of each other's security, in so far as it lies in the power of each other power to do so, to be the principle underlying their fundamental relations.

This would not be an treaty of alliance or even of mutual bene-

ance, but it would clear the air between the two countries and release Chinese troops, that might be otherwise engaged in protecting frontiers, for use against the invading forces of the Japanese.

Decline Of League Seen

The decline and the final death of the League of Nations as a political organ for world peace is now at hand. The second point therefore falls out of the picture. But the foreign powers who are interested in World Peace and in confining the conflict if possible to the Far East and not allow it to develop into a world war would look upon such an agreement between China and Soviet Russia with favor.

Such an agreement would lessen the responsibilities of the Soviet Government on the outlying frontiers between Soviet Russia and China, thereby freeing their troops for guaranteeing the *status quo* existing in Europe and particularly in Eastern Europe.

The complete unity that now prevails throughout China, in which all classes and all parties are united for the sacred war against the Japanese armies means that the third condition has already been fulfilled. And an agreement between China and Soviet Russia would not mean that China was going to adopt the Communist faith any more than does the French Mutual Assistance pact with Soviet Russia mean that the French have gone Communist.

There is no reason to mention the last condition, since the Kuomintang Government under the leadership of Generalissimo Chiang Kai-shek is at the head of the entire country and as such is in friendly intercourse with the Soviet Russian Government.

Even at this last eleventh hour a rapprochement between China and Soviet Russia may still be the antidote to the poison of destruction and bitter warfare in which the war machine of Japanese Imperialism is trying to involve the Far East. And such a war, unless such an antidote is applied, cannot but develop into a second Imperialist World War.

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Ministry Of Finance Checks Manipulators In Government Bonds

**Minimum Price Level On
All Issues Fixed By
Government**

**BROKERS CALL
SPECIAL MEETING**

**New System Of Account-
ing Enforced Under
Ministry Ruling**

In an effort to prevent speculators from using the North China crisis to manipulate the market, the Ministry of Finance, in an order yesterday, has set the minimum price for the various issues of Government bonds on the Chinese Stock and Bond Exchange.

The action yesterday followed the reopening of the market which had been closed since Wednesday to allow for the settlement of accounts and enable the brokers to learn the new system of accounting.

As a result of currency of rumors on the exchange yesterday morning and the general uneasiness among the operators, quotations for all issues of bonds dropped to the minimum set by the Ministry. The decline amounted from 30 cents to \$2 as compared with the closing rates Tuesday.

In its order to the Exchange officials yesterday, the Ministry pointed out that there has always been confidence in Government bonds, which have been strengthened during the past several years as a result of the measures taken by the government.

The recent decline, which threatens to create turmoil in the country's financial set-up, as, chiefly the result of speculative activities of operators who attempted to use the North China crisis as an easy road to profit. To prevent such attempts, a minimum scale for bond prices will be established the order announced. Transactions under the limit set by the Ministry will be declared void and brokers were warned not to do any trading outside the market.

The scales set by the Ministry are: Issue "C"—\$75; Issue "T"—\$75; Issue "Q"—\$71.50; Issue "B"—\$73.50; Issue "A"—\$75.

Following the receipt of the Ministry's order, brokers on the exchange called a meeting at 11 o'clock to discuss the situation. While the operators present unanimously pledged their support of the Ministry's effort to avert a serious price drop, it was pointed out that the order might seriously curtail trading. Several brokers were asked to confer with the members of the Board of the Exchange to present their view on the subject.

Trading on the market yesterday was limited to bonds of August delivery. Although there were many offers for the sale of September issues, buyers preferred to hold back and as a result no transactions were effected.

Meantime, officials on the Exchange also took action yesterday to stop speculative ventures on the market. The amount required as deposit was increased from \$400 to \$600.

The price decline since July 8, the day after the Lukouchiao incident is shown in the following table:

Class "A"—	\$8.80
Class "B"—	\$9.55
Class "C"—	\$9.95
Class "D"—	\$10.40
Class "E"—	\$10.05

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THE NORTH-CHINA DAILY NEWS, TUESDAY, AUGUST 3, 1937

A Quaint Argument

To the Editor of the

"NORTH-CHINA DAILY NEWS"

SIR,—You are logical and by no means too severe in pointing out the "misconception" of Japanese efforts to size up the situation. It seems to me that you might also take note of "misconceptions" in certain British views. In "Oriental Affairs", a British-edited paper, the crisis is dealt with in an article which after referring to the lack of good will on either side and the "strong undercurrent of tension" existing for many months delivers the following truly astonishing rebuke to the Chinese:

The Japanese were exasperated at their failure to make any progress in their programme for "economic cooperation," and Nanking's obstruction by insisting upon the prior settlement of political issues.

Perhaps this might pass from a Japanese but from nowhere else. In recent months I believe Great Britain and Japan have experienced difficulties in agreeing upon economic co-operation. Does that justify the argument that assuming one or other is "exasperated" by the delay there should be a coming and going of troops on the other soil so that if the inevitable clash comes, military chastisement may be inflicted on the sinner? You yourself have more suitably referred to this question of co-operation by observing:

The main difference between the Chinese and Japanese Governments has, in the meantime, been ignored. Both are ready for economic co-operation, but China desires to have the political situation in North China defined before precise steps are taken to fulfil that common need. Japan does not see the necessity for this clarification but would proceed at once to enter into business agreements without the intrusion of political issues. There may be good ground for either point of view, but it seems to the detached observer that Japan is not doing herself justice if she thinks that the Gordian knot can be cut by the sword.

I cannot believe that "Oriental Affairs" in the article referred to is presenting a point of view which any decent British resident in China will endorse even though I am a

TREATYPORTER.

Shanghai, Aug. 2.

Handwritten signature or initials.

Handwritten mark or signature.

Mme. Chiang Sees Final Victory To Vindicate Honor

**China Said Forced To
Make Sacrifice Now To
Erase Humiliation**

**WOMEN URGED TO
UNITE FOR ACTION**

**Important Feminine
Role In Struggle
Pointed Out**

NANKING, Aug. 1.—(Central).—As China is forced to make the supreme sacrifice for the sake of her national honor, Madame Chiang Kai-shek, in a speech today, predicted that "a final victory, no matter how belated it may be in coming, will erase forever the humiliation days that have for so long crowded our calendar and remove the sorrow that has for years past bent our heads and bowed our hearts."

Speaking before a group of delegates of women's organizations at 4:15 o'clock this afternoon, Mme. Chiang urged them to form a united body to comfort and support the nation's defenders. The speech follows:

"Today we meet with the nation facing the gravest crisis in its history. It is with great sorrow that we find it necessary to come together under the shadow of war, for war is a terrible thing. It means that we must sacrifice a large number of our soldiers; masses of our innocent people; much of the nation's wealth and resources, and see ruthlessly destroyed a considerable amount of reconstruction that we have been working upon so successfully for the past ten years. But sometimes it is necessary that we make the supreme sacrifice for the sake of our national honor. Now that our Government clearly has demonstrated that we have borne all suffering that a self-respecting people can possibly bear, we must unhesitatingly and with courage throw the last ounce of strength and energy into an effort to secure national survival. There is nothing left for us to do but to obey the orders of the Government and fortify others to do likewise."

Women Have Big Role

"Today, every one of us Chinese must fight according to our ability. In order to preserve national unity and defend ourselves against aggression, we women are citizens just as much as are our men. Our positions, our capabilities and our line of usefulness may be different but each must do that which best can be done to contribute our share to rescue our nation from disaster and slavery."

"Wherever there is work for our hands to do, we must strive to do it. Today in Spain women are standing in the fighting lines with their men; and during the Great War in every country they gave of their best to aid in the realization of victory. No woman of China is one whit less patriotic or less courageous or less capable of physical endurance than our sisters of other lands, and that we shall show the world. Therefore I know that I needn't urge you to be patriotic because the fact that you are here is proof sufficient that high patriotism is inspiring you."

"The purpose of our meeting today here is to unite and so organize ourselves that we shall not waste one ounce of energy, time or money in an effort to make our work as effective as possible. As a rule to organize for such a purpose we should have to go through much formality but necessity is the mother of invention. During war time we want to get the best results in the shortest time possible. I have therefore already delegated certain persons to draft a few simple working rules of organization and to suggest a few names of people who may head and direct different avenues of work. I hope you will accept what we have drafted and remember only that we are not working for name or fame but for the very life of our country itself."

Women Carry On At Rear

"I hope each one of you will take very enthusiastic part in the work and throw yourselves fully into it. While during war time the men are the fighters it is the women who bear the brunt of carrying on at

the rear. We must encourage the men and let them know that we are in our own way holding on and not letting down; that we are just as ready to give up everything, even our lives, to support our fighters at the front."

"I know that various women's institutions have started to organize to do the very same work that we are proposing to do. It is my hope we shall all unite under one organization so that what we do may be done effectively for indeed unity is strength."

"The fighting morals of our men at the front depends on how much support the rear can give. We must never forget that. And we must remember always a final national victory, no matter how belated it may be in coming, will erase forever the humiliation days that have for so long crowded our calendar and remove the sorrow that has for years past bent our heads and bowed our hearts."

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THE SHANGHAI TIMES, MONDAY, AUGUST 2, 1937

Residents Moving Back Now

Shanghai's exodus question took on a new colour yesterday as many residents started moving back into their homes in the Hongkew and Chapel area. In spite of this, many others continued to flee the same territory in trucks and rickshas piled high with their worldly belongings. It was also learnt from an authoritative source that nearly 200 Japanese, most of whom were from Hankow and other river ports, left here yesterday for their homeland.

FOOD PROBLEM IN PUBLIC EYE

Control Policy Favoured As
Fundamental Solution

PROFITEERS TAKING ADVANTAGE?

A short while ago, Mr. Wu Ting-lang, the Minister of Industries, attempted to dispell any apprehension on the part of the public that there might be a food shortage in China in view of the prevailing crisis, as mentioned in the "North-China Daily News" at the time. He outlined in the course of the interview a number of measures to cope with food problems including:—

Authorities of leading metropolis should acquaint the public with the actual supply and demand of foodstuff in their respective localities. They should suppress all unfounded rumors.

There is yet no necessity to impose restrictions on the distribution and marketing of foodstuff.

Municipal governments of leading cities should establish agencies to take charge of the distribution and marketing of foodstuff. Local foodstuff merchants may seek aid from these agencies, while such agencies may in turn solicit assistance from the Farm Credit Bureau.

A Central News report from Nanking yesterday said that the "Central Daily News" there stressed the fact that the Minister took pains to enumerate the figures of last year's bumper crops and the price lists in the domestic food market at this time; this, the Nanking Journal says, proves that unscrupulous merchants have already existed who, taking advantage of the present unrest, manipulate the food market.

To fundamentally solve China's food problem, the "Central Daily News" advocates an immediate adoption of a food control policy by the Government. In the opinion of the Journal, the demand and supply of foodstuff in China have never been properly readjusted. While one place may be overstocked with grain another locality may be in the throes of a famine. In addition, food manipulators profiteer during political crises by spreading wild rumours.

In order that the food problem may be effectively dealt with during an emergency period, the "Central Daily News" suggested the:

I.—Control of production. This includes: Control of farmland, such as the utilization of public and private wasteland, graveyard and saltfield, and the cultivation of winter crops. Crop control, such as the temporary suspension of cultivation of unnecessary staple products like sugar cane, tobacco and tea. Labour control. All adults should be deemed to serve military service, while others should be required to till the soil, and

Control of consumption. Luxurious consumptive goods such as wine should no longer be produced, while a quota system should be introduced in connection with food consumption.

II.—The enforcement of the "food requisition" system, or the collection of agricultural products from individual producers and to centralize their distribution and consumption. This includes:

Stoppage of free trading in foodstuff so as to prevent an anarchistic state of food distribution.

Promulgation of regulations for the encouragement of food requisition and punishment of violators.

That the nation's food problem demands the immediate attention of the Government was stressed by the "Central Daily News."

The Journal recalls that since the Lukouchiao incident broke out, representatives of the Dairen and Formosa rice hong have been purchasing large quantities of rice in Shanghai. They have also indirectly placed heavy orders with the Chekiang and Anhwei rice marts for exportation. The heavy exodus of wheat to the north has shot up the price of the staple product, while Kwangtung is threatened with food shortage.

All these, said the paper, serve to illustrate the gravity of the situation.

In conclusion, the paper urges the Government to strictly prevent the sale of foodstuff to the "enemy" and, at the same time, to store up sufficient foodstuff to meet the needs of the country.

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Removal Of Prisoners Scheduled

Women Will Be Taken
From N. Chekiang Road
Gaol To Minghong

Preparing for any eventualities that may arise locally due to unforeseen circumstances, the authorities of the First Special District Court, under whose direct control the Female Gaol attached to the Court is being operated, have decided to remove the prisoners to the new gaol in Minghong. There are between 300-400 prisoners in the gaol.

The removal of the prisoners, which it is understood is going to be carried out in easy stages, is scheduled to take place within the next few days. Special escorts will be provided for the vans in which the prisoners will be transported to the new prison. Guards from the Reserve Unit of the Shanghai Municipal Police will accompany the vans from the prison on North Chekiang Road to the destination in Minghong.

A special guard will be provided by the French Police for the duration of the time that the convoy takes to cross the French Concession, and once the party enters Chinese territory a guard of officers of the Police Bureau will be on hand to escort the prison van to the Minghong Prison.

Precautionary Measure

The removal of the prisoners is being carried out as a precautionary measure by the Judicial authorities, who experienced a large measure of concern over the safety of the prisoners during the Sino-Japanese hostilities in 1933. It was, however, pointed out by an official that no trouble at all was expected locally, but that the measure was being carried out in order to relieve the crowded condition in the gaol on North Chekiang Road.

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The Shanghai Evening Post & Mercury, Friday, July 30, 1937

**Hidaka Meets Chen
To Ask Protection
For Japanese Here**

(Kuo Min News Agency)

NANKING, July 29.—Mr. S. Hidaka, Counsellor of the Japanese Embassy, called on Mr. Chen Chieh, Administrative Vice-Minister of Foreign Affairs, yesterday. In the course of the interview, which lasted more than an hour, Mr. Hidaka requested the Chinese authorities to take adequate steps for the protection of Japanese residents.

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Thousands Flee Out Of Chapei

Over 15,000 Refugees Leave; Hongkew Still Quiet

Tension in the Hongkew and Chapei areas failed to relax today with the announcement of the finding of the "kidnapped" Japanese sailor Miyazaki. It being estimated that more than 15,000 refugees from these districts entered the Settlement yesterday. A false report last night that a Japanese sailor had been shot on Haining Road brought over-worked Japanese newsmen and photographers from all corners. It later was learned that the tidley wheel of a trackless tram had broken from the pole and struck a Japanese sailor in falling, injuring him slightly. This accident was enough to cause a minor crisis for several minutes.

The Japanese authorities deny that their night patrols have been increased and state that extra precautions are unnecessary since the city remains quiet. It has been learned on reliable authority, however, that the Settlement police in A and B divisions were mobilized yesterday as a precautionary measure because of the fireworks display, it being feared that trouble might result in Hongkew. This mobilization order has since been cancelled.

Foreigners In Quarter

Reports received here today from Peiping indicate that the majority of foreign nationals have now moved to the Legation Quarter at the order of their governments. It has been learned, however, that a number of American instructors and their families have refused to leave Yenching University, located some miles outside the city. The Haiyuan barracks are not located at a great distance from the university and the Americans on the campus report having seen the bombing of the barracks by Japanese airplanes. Although about 19 bombs were dropped, damage and loss of life is believed to have been slight since the Chinese soldiers evacuated in time.

It is estimated that altogether about 1200 American nationals are resident in Peiping, including some 500 members of the Embassy Guard. How many of these people are at present in Peking or other resorts is not known. Except for the Japanese, the Americans have probably the largest colony in the old capital.

Some In Tientsin

A number of Americans are also located in Tientsin, capital of the East Hopei regime, where fighting is reported to have taken place. It is believed that Americans are not believed to be in any danger there. The Japanese authorities deny that their night patrols have been increased and state that extra precautions are unnecessary since the city remains quiet. It has been learned on reliable authority, however, that the Settlement police in A and B divisions were mobilized yesterday as a precautionary measure because of the fireworks display, it being feared that trouble might result in Hongkew. This mobilization order has since been cancelled.

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As regards Shanghai, except for the mobilization yesterday which was quickly cancelled, no orders have been given for the S.V.C. and other reserve and special units in either the Settlement or French Concession to mobilize. They have, however, received instructions which are to be followed in the event of an emergency. At present the police forces are still able to handle the situation without difficulty and it is hoped that no conflict will arise. Both the Chinese and Japanese authorities here express their sincere desire to preserve peace here.

Fessenden Warns

Residents of the International Settlement and other two municipalities of Shanghai, Chinese, Japanese and other nationals alike, have been requested by Mr. Stirling Fessenden, secretary-general of the S.M.C., to remain calm and refrain from taking part in anti-Japanese or anti-Chinese demonstrations.

Warning against belief in wild rumors, he stated that the job of the Council was to treat all nationals impartially. At present the situation here gave no cause for alarm, he assured the public, so there was no sense in preparing for the mobilization of the S.V.C. which would only increase tension. If the attitude of the people was satisfactory, the present emergency could be handled adequately by the Council and Police Force.

Chinese Temperature

Indications of the patriotic war fever among Chinese in Shanghai and other large cities are seen in reports appearing daily in the Chinese press. Peiping educators urge mobilization of all human labor and resources for a war of resistance while students in that city are in a fever of patriotic feeling. Chinese women have been urged to rally to the support of the government in a war against the Japanese invaders.

Telegrams expressing admiration and support are pouring into Nanking from all parts of the country. From Sian, General Chiang Ting-wen, acting director of the Generalissimo's provisional headquarters, is said to have declared that he would defend China's territory and sovereign rights, urging Mohammedans and Chinese in the Northwest to stand behind the Nanking government.

Insurance Rates

With the increase of insurance rates on coastal vessels and cargo to 10 cents for every \$100, the rate had reached four times that prevailing before the trouble started in the North. Recently the rate was increased to five cents, and with the worsening of the situation the new increase was believed necessary by marine underwriters.

Six shipping firms impose a special emergency surcharge on all cargo shipped from Shanghai to Tientsin starting August 1. The surcharge will amount to \$3 net per ton of 40 c. ft. or 20 cwt., at the ship's option. This is to compensate companies for losses incurred due to the disturbed conditions.

Travel Curtailed

Travel facilities between Peiping and Shanghai and other points remained at a standstill today although traffic from here to Tientsin was open. Air and train service were being maintained as far as Tientsin. A Chinese National Aviation Corporation plane left this morning for Tientsin with three passengers. Yesterday's C.N.A.C. plane arrived here at the Lungghua airdrome with 11 passengers from Tientsin.

The Blue Express service between here and Tientsin was maintained on schedule. The Express arrived here this morning from Tientsin with a large number of passengers while the northbound express is scheduled to leave here at 12 midnight. The plane service of the Eurasia Aviation Corporation between Peiping and Hongkong was still carrying on with Taiyuan as the terminal. An Eurasia plane left Taiyuan this morning while tomorrow a plane will leave for Taiyuan from Hongkong. However, air service between Peiping and Taiyuan maintained during the last few days by smaller craft was abandoned this morning as result of the fighting near Peiping.

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July 31

**Mr. Wang Ching-wei Asks for
Extreme Sacrifice**

Kuling, July 29.

A stirring appeal to the Chinese people to prepare for the extreme sacrifice at this moment, when the "limit of endurance" has been reached, was made by Mr. Wang Ching-wei, Chairman of the Central Political Council, during the "summer conversations" here yesterday.

"As the people of a weak country," Mr. Wang said, "we have nothing to depend upon but enthusiasm to sacrifice for our country. If we are all willing to sacrifice, the final victory will be ours."

The purpose of the aggressors, Mr. Wang pointed out, is to occupy Chinese territory and to enslave the Chinese people. If what they get from their aggression were nothing but "corpses and ruins," they would be disillusioned.

Since the outbreak of the Mukden incident in 1931, the Chinese Government and the people have spared no effort in transforming China into a modern nation despite unspeakable sufferings and humiliations. This modernization is not only a necessity to China but also beneficial to Sino-Japanese relations.

With China's hopes for peace dashed to the ground by the Japanese military, the task of reforming China and her national existence are both at stake.—Central News.

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WAR SITUATION AT A GLANCE

PEIPING is peaceful again with the complete withdrawal of the 37th Division. Japanese troops have entered the city.

Gen. Sung Cheh-yuan, C.-in-C. the 29th Army, Gen. Chin Teh-chun, Mayor of Peiping, and Gen. Feng Chi-an, Governor of Hopei and commander of the 37th Division, left Peiping for Paotingfu.

Huge areas of Tientsin's Chinese city are in flames as the result of an intensive bombardment by Japanese planes throughout the day, following sharp fighting on the city's outskirts.

~~Japanese naval units were first brought into action yesterday when they started a bombardment of Chinese forces at Taku, in retaliation for an alleged outbreak of Chinese firing at H.I.J.M.S. Fuji, a destroyer, yesterday morning.~~

Reports sifted through of a mutiny of Paoantui in Tungchow, where stiff fighting with the small Japanese garrison is said to be in progress.

Gen. Chang Tzu-chung, Mayor of Tientsin and commander of the 38th Division, yesterday assumed concurrent duties as Mayor of Peiping.

Foreign nationals continued to be moved into the Legation Quarter.

Wanping, after three weeks' defence, is reported to have surrendered to the Japanese.

All communications with the north were halted yesterday. Steamship lines are not visiting Taku, where there is fighting; the railway is going only as far as possible; and air services reach only to Tsingtao.

GEN. CHIANG'S WAR ORDER HEARD

Tokyo Reports of Central Troops on March

Tokyo, July 29.
Orders to stand by for war with Japan were issued on Tuesday night by General Chiang Kai-shek, Commander-in-Chief of the Central Government's armies, to his troops, according to press reports received here this morning.

Gen. Chiang, the reports alleged, simultaneously instructed Gen. Sung Cheh-yuan, Commander-in-Chief of the 20th Army, to reject the demands served by Lieut.-Gen. Kiyoshi Katsuki, Commander-in-Chief of the Japanese forces in North China.

Central troops concentrated in Paotingfu were said to be marching towards Peiping, their vanguard having already reached Changhsintien. With the arrival of the main body at the latter point, a general offensive, according to the reports, would be launched upon the Japanese forces.

Gen. Sung was also reported to have asked Gen. Chiang immediately to send reinforcements northward in view of the numerical superiority of the Japanese troops.—Domei.

Chinese Stay At Home More As War Rages

Theaters And Amusement Centers Feel Pinch Of Patriotism

Shanghai motion picture houses, cabarets and other establishments devoted to the entertainment of the masses are experiencing a decided slump in the attendance of Chinese patrons as a more or less direct result of the North China crisis, a survey made by a CHINA PRESS reporter yesterday afternoon revealed.

The four first-run cinema houses in the city, the Grand, Nanking, Metropoli and Cathay, who depend upon Chinese patronage for about 80 per cent of their business, had slack houses yesterday and the day before. Evidence that the Chinese are permitting themselves no amusements while their country is being threatened was revealed by the fact that majority of movie customers during the past two days have been foreigners.

While no check was made on the second and third-run houses, it is understood that a similar situation exists there. Night clubs, cabarets and so-called dancing academies catering to Chinese had but few customers in them last night and the night previous. In fact, a good many of them closed their doors early and sent their employees home. Many of the night clubs on extra-settlement roads are also closing down early.

In the North Szechuen Road area, usually the noisiest district in the city, an unusually quiet atmosphere has prevailed since Wednesday.

From Haining Road north, the street is lined with small dancing establishments, restaurants and similar places. Their closing hour is usually 2 p.m. Wednesday night, this particular zone was as quiet as the grave after 11 p.m. The same situation existed last night. Even more striking was the fact the streets themselves were almost void of humans.

And there were no radios, no phonographs nor itinerant musicians to hear the noise of the night. It was possible but to those who knew their Shanghai, it was an unusual sight.

23350

THE CHINA PRESS, FRIDAY, JULY 30, 1937

Consular Body Not Expecting Trouble Here

Defense Machinery Well Oiled But No Need For Action Seen

Evidence that high consular officials in Shanghai do not anticipate any disturbances in this area was found yesterday in the fact that no meetings of the Consular Body have been held or scheduled since the beginning of the North China trouble.

An unofficial spokesman declared yesterday that no meetings will be held unless it suddenly appears that there may be repercussions here. Both sides are determined to avoid any disturbances, he added.

Should any outbursts occur in the Shanghai region it is firstly the duty of the Shanghai Municipal Council, with its police, specials and volunteers, to take action. If it still appears that the situation is menacing then the Consular Body is convened, and while it has no direct power, it recommends action to be taken by each of the powers represented by its various members.

This was the procedure followed in 1932, when, following the S.M.C.'s declaration of a state of emergency, the Consular Body was meeting almost constantly.

A defense committee was organized at that time of the military commanders of the various powers, and while it has been inactive ever since, nonetheless the machinery for its prompt reappearance on the stage of events is still in existence.

City Remains Calm; Exodus Is Continued

Travel Facilities Main- tained In State Of Uncertainty

Shanghai residents passed through another tense day yesterday as they eagerly waited for war news from North China. The local situation, however, remained quiet, although the exodus of Chinese residents from Chapel showed no decline yesterday.

In the Hongkew area, a tour last night indicated that there was no increase in patrols. Settlement police as well as Chinese police in the adjoining Chapel were taking all precautions to prevent any disturbances.

Travel facilities between here and Tientsin, which had been maintained since the outbreak of hostilities, were in a state of uncertainty yesterday as a result of the severe fighting in the North China city.

Trains Uncertain

Train tickets from here to Tientsin were still being sold here yesterday, but railway officials were uncertain as to whether or not the train will reach its destination. These officials explained that, although the East Station in Tientsin was practically destroyed, trains were still leaving from West Station.

China National Aviation Corporation planes yesterday were flying to Tientsin, instead of Tientsin. The Empire Aviation Corporation, how-

ever, was still maintaining its Hongkong-Peiping service.

Contributions from local Chinese residents to the aid fund for North China defenders continued to mount yesterday. At the same time, donations of medical and other supplies were also being received in large quantities.

A plea for the Chinese people to live frugally during the crisis and to save money to contribute to the defense fund was made yesterday by the First Special Chinese Association in an open letter yesterday. All available resources of the Chinese people, it was said, should be used in the defense.

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THE SHANGHAI TIMES, FRIDAY, JULY 30, 1937

Exodus Less As Shanghai Stays Quiet

\$10,000 Spent On Fire
Crackers Deplored
By Group

CHINESE PROTEST ON HONGKEW SEARCH

Radio Is Only Link With
Peiping; Chinese Ask
War Contributions

Despite the news of continued trouble emanating from North China yesterday, Shanghai remained calm and the exodus from Hongkew and Chapei was lessened, considerably. The letting off of firecrackers to celebrate favourable news published in the vernacular press was again discouraged by the Chinese authorities and the First Special District Federation.

This organization is said to be the most powerful Chinese ~~organization in the settlement~~ and as such, called attention to the fact that over \$10,000 had been spent on firecrackers the previous day. It was pointed out that such a large sum of money would have purchased 1,000 gas masks, adding that early victories were not as important as a determination to fight the war to a final victory.

The First Special District Federation, in a special letter, also asked the Shanghai Municipal Council to direct its attention to Chinese resistance to the Japanese. It said it was convinced of the necessity

searching of Chinese in connection with the disappearance of the Japanese bluejacket.

Lack Of Communications

It became increasingly evident yesterday that Shanghai is bound to suffer because of a lack of facilities for communication with North China. It was learnt on good authority that all telegraph lines between here and Peiping are down, and information received here came over the single radio in operation. This was said to be between six and eight hours behind schedule due to the heavy strain which was being placed upon it.

The three communications services operating in Tientsin were said to be a mere three or four hours behind time, and correspondents in that city were said to be having less difficulty filing their messages than those in the old capital.

The China National Aviation Corporation plane which left Shanghai yesterday morning did not proceed as far as Tientsin and spent the night at Tsingtao, officials of the Company stated.

The Eurasia Aviation Corporation has succeeded in maintaining a regular service between Peiping and Hongkong throughout the difficulties. This has been accomplished by making Taiyuanfu the terminus for the giant tri-motored planes and running a feeder service to Peiping with smaller planes.

Officials at the Post Office here stated that they had no information regarding the situation in North China. They stated that mail had been received from Tientsin yesterday, adding that many of the letters had evidently been censored by the Japanese.

War Chest Sponsored

Of all means of communication between here and the North, the railways are probably the most uncertain. Those in charge at the North Station yesterday afternoon

stated, however, that there would probably be a train to Tientsin this morning. No hope for sending a train to Peiping was entertained.

News of the more favourable turn of events in Peiping were received in Shanghai early in the morning and following the appearance of Chinese extras on the streets announcing the fiasco of the so-called Fengtai and Langfang victories.

A gloomy atmosphere seemed to pervade the city throughout the morning, but the spirit of the thousands of idlers on Shanghai's streets were raised in the afternoon. This was largely due to the influence of several extras announcing alleged gains made by the Chinese troops in the Tientsin area.

Local Chinese enthusiasm with regard to the present trend of events was strongly reflected in the announcements appearing in all vernacular papers yesterday morning urging everyone to contribute to the war chest sponsored by the All-Shanghai Committee for the Support of Resistance Against the Enemy. More than 50 places where contributors might send their money were listed.

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THE NORTH-CHINA DAILY NEWS, SATURDAY, JULY 24, 1937

CRAVE letters calling on their addressees to do their share in resisting the nation's enemy have made their appearance in Nanking where popular feelings have been rising since the Lukouchiao incident on July 8. Three specific questions are asked in these letters. They are: "Can you use your economic means to encourage and comfort the heroic officers and soldiers now defending national territory? Can you handle a rifle and go to the front to fight? Can you do propaganda work in the rear?" The addressees are asked to consider these three questions and decide to take up at least one of the three mentioned. In addition, they are requested to make nine duplicate copies of the questionnaire and forward them to their friends and relatives, according to the Central News.

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Anti-Japan Boycott Is Asked Here

Petition To Nanking By
First Special District
Citizens' Federation

Climaxing Shanghai Chinese activities against Japan since the opening of the Sino-Japanese hostilities in the north, the First Special District Citizens' Federation, a powerful Chinese civilian organization in the Settlement, decided yesterday afternoon to petition the Government to institute an economic boycott against Japan.

The decision was reached at a meeting on a suggestion made by Mr. Wang Ching-tung, an executive member of the Federation, who declared that during the extraordinary period he thought the Government should deem it necessary to declare an economic boycott.

Another decision made at the meeting urged the federation to ask its various branches to watch for "traitors" who might act contrary to interests of the State.

Scrap Iron Sought

The meeting decided to start a scrap-iron collection movement, which those attending the meeting preferred to refer to to-day's meeting inaugurating the All-Shanghai Committee for the Support to the Resistance Against the Enemy.

The meeting was attended by well known Chinese in the Settlement, with Mr. Chang Yi-chang in the chair.

Chinese bankers in Shanghai are reported to have met informally to discuss "war-time" finance of the nation. Banking circles stated yesterday that the country's financial condition was excellent.

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The Shanghai Evening Post & Mercury, Wednesday, July 28, 1937

Chenju Radio Station Precautions Arranged

THE Chinese Government Radio Administration's wireless station at Chenju, 15 miles northwest of Shanghai proper, will be carefully protected by the Chinese authorities in case of any emergency in this area, it was learned today. Special plans have been drawn up by the officials in charge to protect the important communications station in event of trouble.

The station itself is in Chinese territory, but in the event that an attack should be launched in that, it is held likely that the equipment would be moved piece-meal into the settlement and set up here. This would occur only should the station be in danger of being disrupted. The authorities' plans have not, however, been disclosed.

In 1932 during the Sino-Japanese conflict here, the station continued operations up until the day of the Chinese retreat. Nothing was damaged or destroyed then, however. An American representative took over possession of the property to protect it after the Japanese occupation, with Japanese consent, and foreign interests kept guard until after the truce, when it was returned to the Chinese and operations were resumed.

During that period no Chinese or Japanese troops entered the station, but Chinese police were posted there.

Today British, American, German and French interests are financially involved in the Chenju station, traffic revenue being the chief consideration. Should any incident occur that warranted it, some similar action might be taken.

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Chapei Exodus Numbers 10,000

Flight Ending; Chapei Quiet; Over 15,000 Men Stand By

The exodus from Chapei which took alarming proportions during last night had slowed up considerably by this morning, but estimates today give the total number of those who had left the area during the 24 hours ending at 8 o'clock this morning at 10,000. However, many of those listed as refugees were in reality merely moving their valuables and merchandise to safer quarters, returning to their homes again.

Although the Japanese naval authorities are reported to have issued a mobilization order yesterday, this had apparently been suspended by last night since large

With trading on the Chinese Bond and Stock Exchange suspended for two days for the monthly settlement, the new quotations were available on the Chinese government bonds which have been on a downward trend for the last few days.

It was held certain that if the market were open, the prices would drop sharply because of the tense situation in North China.

Numbers of Japanese sailors were wanted leave. Reports that the Japanese Specials had been called out for patrol duty could not be confirmed. The Shanghai Municipal Police insist that no increases in their patrols were made in the Hongkew and Dixwell Road areas last night.

15,000 Men Ready

Efforts to learn the exact strength of foreign military forces stationed in the Shanghai area prompted by reports of the S.V.C. mobilization order are in vain at present, but on the basis of figures released in the past it is believed that 15,000 to 16,000 men could be mobilized at once for the defense of the Settlement and French concession in an emergency, including the police forces and Shanghai Volunteer Corps.

The S.M.P. force is about 4000 strong, but with the Reserves should be well over 5000 while the Shanghai Volunteer Corps numbers close to 2000 men. Although the normal strength of the British forces here should be about 800 including 160 or so auxiliary troops, it is believed that the total at present does not exceed 800 with perhaps 700 or so more sailors in port. The American forces are about 1200 strong with perhaps 150 sailors in port belonging to the U.S.G. Navy. The French have about 1000 men, but the number is expected to reach 1200 soon in the case of two gunboats being present. The French also have some 1000 men in the French Concession and some 1000 in the International Settlement.

male member of the community is considered a member of the reserves and can be called upon to perform military duty in an emergency. Among the Japanese Specials are men who have been trained for police work, their duty being to guard factories and other Japanese property. Armed by the Japanese authorities, they are said to be paid by factory owners. It is believed that several hundred of these men are at present stationed in Chapei.

The British maintain at Hongkong a battalion which is in reality considered as a reserve force for the battalion stationed here. In case of emergency these men can be rushed to Shanghai in less than two days. During a previous emergency the Kent rushed men from Hongkong to this city in 24 hours, establishing a record which still stands. The French have troops in Indo-China which could be transferred here rapidly while U.S. Army units in the Philippines could also be made available here in short order.

Special Orders

At present although special orders have been issued to the S.M.P. and S.V.C., these orders only go into effect in case of emergency. Police patrols are normal, no additional men having been put into uniform. Only in time of emergency are detectives put in uniform to facilitate their moving freely without hindrance by the military.

Though the hunt for Miyasaki, the witness who saw him kidnapped and the "thin man" continues, trouble in the North has overshadowed this affair which is no longer taken seriously by the Chinese, who call the three "the Father, the Son and the Holy Ghost." A report that the flag missing from the Japanese truck farm has been found cannot be confirmed.

Seeing the influence of the Shanghai situation by events in the North, Japanese papers urge their nationals to "remain calm and be prepared for any emergency." The Chinese are requested to prevent "trouble-makers from taking advantage" of the situation.

Communications

With the exception of the telegraph service which still maintained a service from Shanghai to Peking, air and rail service between the two cities was deadlocked today. The China National Aviation Corporation's plane left Shanghai this morning for Tientsin. Yesterday's C.N.A.C. plane arrived here from the old capital. The rail service remained the same with Tientsin still spurring as the terminal.

Due to the situation in the North the Shanghai to Peking air service of the National Aviation

Corporation is considerably curtailed. According to the local Bureau office, it takes two days to reach Peking from Shanghai and vice versa. A C.N.A.C. plane left Shanghai this morning for Tientsin where it will arrive sometime this afternoon and from there the passengers will be conveyed to Peking by a special plane tomorrow. As a result of the situation in the North, the Shanghai to Peking air service of the National Aviation

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THE NORTH-CHINA DAILY NEWS, THURSDAY, JULY 29, 1937

Further Thousands
Flee Chapei

After a day marked by little activity, the exodus of Chapei residents was renewed with great vigour yesterday evening when thousands of refugees, with their furniture and other belongings, flowed into the Settlement and the French Concession. As on previous days, the fleeing families largely used public rickshaws to convey them and their property to what they considered safer localities. Voluminous trunks were observed along North Szechuen, North Honan, Range, North Kiangse, Uрга, Tungchow and Chaoufoong Roads. Many also reached the Settlement by way of Stone Bridge, Wuchen Bridge and Markham Road Bridge. The new Mayor of the Shanghai Municipality, Mr. O. K. Yui, in a statement issued last night regarding the rejoicing of the Chinese population over news of victories by Chinese troops in the North, warned against excessive demonstrations and advised Chinese residents to comport themselves with dignity and restraint. Mr. Yui, in conclusion, deplored the "waste of money" used on fire-crackers.

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THE NORTH-CHINA DAILY NEWS, THURSDAY, JULY 29, 1937

WAR SITUATION AT A GLANCE

CHINESE reports of the capture of Fengtai and Langfang from the Japanese caused jubilation throughout the country yesterday.

In the late afternoon a communique of the Tientsin Japanese garrison headquarters denied the Chinese reports, admitting only an attack on Langfang which they reported was repulsed.

Unconfirmed reports from Chinese sources also reported the capture of Tungchow in East Hopei, a report considered improbable even by Nanking official circles.

Air raids on a big scale were carried out by Japanese, who report the capture of Nanyuan and Hsiyuan as a result. The capture of Shabeichen and the cutting of the Peiping-Suiyuan Railway were also reported.

Seaman Sadao Miyazaki, the cause of a local furore on the night of July 24, was yesterday turned over to the Japanese Embassy in Nanking by the Ministry of Foreign Affairs.

Japanese transports were fired on off Tangku. The Chinese fire was later returned by Japanese.

The evacuation of foreigners from the Peiping area into the Legation Quarter, and the guarding of the Quarter by the foreign detachments there was announced.

Official statements were issued both by Tokyo and by the Hopei authorities yesterday.

Major hostilities are considered to have begun.

23302

Warning Issued By Mayor Yui

Unnecessary Waste Of
Money In Fireworks
Is Criticized

The new Mayor of Greater Shanghai, Mr. O. K. Yui, issued a salutary warning last night to the Chinese community with reference to the outburst of rejoicing which followed receipt of the news of the Chinese victories in North China.

While recognizing that the demonstration was a spontaneous expression of relief following the tension of the past three weeks, Mayor Yui warns the people against excess and the danger of being carried away by undue emotion. The Chinese population of Shanghai should comport themselves instead with dignity and keep themselves under restraint while fixing their minds on the serious days and grave developments now impending.

Final victory or defeat will not be decided by the outcome of a single day's battles and therefore momentary reverses should not dishearten nor initial success unbalance the people's judgment.

Mayor Yui deplored the unnecessary waste of money expended in the burning of fireworks. Although the demonstration yesterday afternoon can be justly interpreted as a genuine manifestation of patriotism, the money thus spent could certainly have been put to better use. Funds will be needed more and more to provide first aid for the wounded and hospital supplies and to purchase comforts for the families of the front.

With an able leader like Mayor Yui, the Chinese people will not only win the war but will also build a new and better China.

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Reports Which Were Cause Of Celebrations

Following a hot engagement with Japanese troops at Tuanho near Nanyuan, Chinese forces recovered Fengtao at 9.45 o'clock yesterday morning. It was officially announced in Peiping yesterday.

Meanwhile, gallant Chinese defenders have also crossed the Marco Polo Bridge and are pushing toward Tawayao.

The recovery of Fengtai followed the defeat of Japanese troops at Tuanho early yesterday morning. Pursuing the Japanese units which fled in a south-westerly direction toward Fengtai, Chinese troops arrived at Fengtai Railway Station and drove off the Japanese garrison forces there, states Central News.

The Japanese garrison immediately called for reinforcements from Tungchow. Meanwhile Chinese fighting units are also being rushed to the spot.

After successfully repulsing the Japanese invaders Chinese defending forces crossed the Marco Polo Bridge at about 9 o'clock yesterday morning and are now pushing toward Tawayao.

Langfang Recaptured

Another message from the front states that Langfang, the scene of a serious Sino-Japanese clash on the night of July 28, was also recaptured by Chinese troops at 9 o'clock yesterday morning.

Chinese forces are reported to have advanced toward Langfang under cover of the night and after several hours of fighting recovered the place, inflicting heavy casualties upon Japanese troops.

After a sanguinary encounter with Japanese troops, Chinese forces also recovered Hantanchuan, a strategic point about six li from Tungchow at about 10 o'clock yesterday morning. They are now in hot pursuit of the retreating Japanese units.

Three armoured cars were seized from the Japanese troops during the fight.

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THE SHANGHAI TIMES, THURSDAY, JULY 29, 1937

Nippon Residents Urged To Remain Calm In Crisis

Chinese Advised To Prevent Trouble-Makers From Taking Advantage Of Situation; Lesson Of Trouble Locally In 1932 Recalled

Noting the gradual influencing of the situation in Shanghai by the events of North China, the Shanghai "Nippo" yesterday editorially urged Japanese residents to "remain calm and be prepared for any emergency."

The daily called upon the Chinese authorities to "prevent trouble-makers from taking advantage" of the situation.

"As for the Japanese, they should be thoughtful in their actions and support the policy of their country, bearing in mind that the North China incident was caused by the anti-Japanese policies of China, that the present Japanese activities have as their object the elimination of such movements, and that the Japanese Government is determined to go to the bottom of this matter even in the face of complications brought about by the machinations from other quarters.

It must also be remembered that this Japanese determination aims not at the chastisement of the Chinese, but merely at bringing them to their senses."

"Thoughtful Reserve"

The real test of a people, the Japanese daily said, comes in the times of emergency.

"The Japanese residents of Shanghai, basing their stand on their experiences during the Shanghai Incident, are now taking an attitude of thoughtful reserve and serenity. This should be continued by all means."

"There is nothing more injurious to a nation than mistaken patriotism" the Japanese daily declared stating that "the anti-Japanese elements of present-day China are driving the Kuomintang from one extreme to another to its own exhaustion."—Domei.

Chinese Press Urges Public To Be Brave

Life And Death Struggle
Seen By Vernacular
Dailies Here

EXISTENCE OF NATION AT STAKE

Economy, Preparedness
Seen As Necessary
For Victory

With the curtain raised for a major Sino-Japanese conflict in North China, all leading vernacular papers here today asked the people to bravely face the crisis, and to prepare for the "last sacrifice."

While advising the nation not to plunge into excitement as the warfare is well anticipated, the Central China Daily News drew the attention of the people to the following four points:

- ✧ Firstly, the present war with Japan, irrespective of its scope, concerns the existence and extinction of the Chinese nation as a whole. So we must be prepared to shed the last drop of our blood to resist the Japanese aggression;
- ✧ Secondly, all public opinions must be unified during the war, that is, they must center on the idea of armed resistance for self-preservation;
- ✧ Thirdly, we must build up a firm self-confidence, believing that our self-defensive war will gain ultimate victory; and
- ✧ Finally, we must economize our daily expenses so as to place our material and financial strength at the disposal of the country.

The China Times warned the people not to get excited but to rally under the National Government to meet the present crisis.

Life-And-Death Struggle

Local vernaculars unanimously declared yesterday that the present defensive campaign in Peiping and Tientsin means the life and death of the Chinese nation, and may lead to the extinction of the nation for China.

China may suffer heavy losses but what would Japan gain from the war, the Central China Daily News asked.

The paper expressed the hope that Japan would reconsider her attitude at the like hour to "hold the peace war for the sake of the people."

For six years since the outbreak of the Sino-Japanese conflict, the 20th Army has been fighting the war of resistance and has made splendid

retreats in the face of Japanese advance.

Has that satisfied Japan? The answer was, the journal said, the Japanese ultimatum served on Gen. Sung Cheh-yuan on Monday demanding the complete withdrawal of the 37th Division.

The paper was gravely concerned over the fate of Peiping and Tientsin in view of the fact that both cities are now besieged by the Japanese and that the Peiping-Hankow, Peiping-Tientsin, and the Peiping-Suiyuan railway are now within striking distance of the Japanese.

Pleased With Stand

The most gratifying sign at this intensely critical juncture, the New Capital Daily said, is the stand adopted by the 20th Army, whose determination to resist the aggression has dashed to pieces the enemy's policy of dismemberment of the Chinese officials.

With China now emerged in a life-and-death struggle with Japan, the Morning Post urged the Chinese people to observe discipline and to be prepared to make every sacrifice for the country.

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THE CHINA PRESS, THURSDAY, JULY 29, 1937

"QUIET PLEASE!"

FESSEDEN MAKES PLEA FOR CALM. POLICE GET READY FOR EMERGENCY

A plea for the residents of the International Settlement as well as those living in the two other municipalities of Shanghai to keep calm during the North China crisis was made yesterday by Mr. Stirling Fessenden, Secretary-General of the Shanghai Municipal Council in a statement to THE CHINA PRESS.

The Secretary-General, on whose shoulders rests the responsibility of orientating the complex local situation, asked the residents here to refrain from getting excited over the unending rounds of rumors, and from taking part in any anti-Chinese or anti-Japanese demonstration activities.

"The job of the Shanghai Municipal Council," he said, "is to be impartial to the 1,000,000 Chinese and 30,000 Japanese residents of the Settlement. It is our job to enforce peace and order in the Settlement."

He asked the Chinese, the Japanese as well as nationals of other countries to aid the Council in keeping the Settlement quiet.

No Ground For Alarm

At the present time, there is absolutely no ground for alarm regarding the safety of the Settlement. "We have been through many tense situations—in 1911, in 1927, in 1933—it all depends how people behave and how the affairs are handled. The Council, as events in the past have shown, is fully

capable of meeting and handling any emergency."

Mr. Fessenden revealed that no conclusive orders have as yet been given to the Shanghai Volunteer Corps for preparing to mobilize. Routine checks on the equipment and personnel of the S.V.C. have been made, but this is not unusual in view of the tense Northern situation, he explained.

"Premature mobilization," the veteran Council executive told THE CHINA PRESS, "would only tend to increase tension and add to uneasiness."

Mr. Fessenden pointed out that the Settlement police "is always on the job, especially at a time like this."

French Police "Stand-by"

French police were given "stand-by" orders as early as last Tuesday. A special unit is being maintained at each police station throughout the Concession. Leave has been cancelled for the two special Chinese and Russian companies. All foreign officers have been given orders to be ready at a moment's notice even on duty.

Special precautions are also being taken in the Concession at the gates leading in from Nantao. While an emergency will see the immediate closing of the iron gates, a number of streets have no such enclosures. Enlarged patrols are already on duty in the vicinity of each unguarded gate.

Settlement police were given "stand-by" orders at 2 p.m. yesterday but saw them cancelled two hours later.

Peace Wanted In This City By Both Sides

Japanese Residents Told
To Confine Themselves
To Familiar Ground

PEACE PRESERVATION CORPS AUGMENTED

No Mobilization Orders To
S.V.C. As Yet; Consular
Body Watches Scene

Shanghai stood the strain of troubled events in North China as well as could be expected yesterday, while the opinion among municipal and consular authorities was that any repercussions which might be felt could be reduced to a minimum. During the course of a series of interviews obtained by a representatives of "The Shanghai Times" from those who would be in key positions should serious trouble break out it was ascertained that a spirit of confidence prevails.

The situation was not considered critical enough to call a meeting of the Consular Body, although it is understood that Mr. N. Aall, Consul-General for Norway and concurrently Doyen of the Consular Body, visited a number of his colleagues informally and also paid his respects to Mr. Stirling Foxenden, the British Consul-General of the Settlement, and the Japanese Consul-General.

On several occasions here yesterday a spokesman for the Japanese Consul-General stated that every effort possible would be made to avoid any misunderstanding locally with the Chinese. It was reported that Japanese would not be permitted from Chapel, and it was also learnt from good authority that the strength

of the Peace Preservation Corps in that area had been increased.

The Japanese Naval Landing Party was said to be standing by in readiness for an emergency, but the street patrols had not been noticeably augmented. Several officials at the Japanese Consulate-General said that residents had been given instructions as to how to conduct themselves during the state of emergency, and it was generally agreed that all could be expected to stay away from those sections of the city where untoward circumstances might be likely to develop.

Action On Exodus

When interviewed by "The Shanghai Times" officers of the Shanghai Volunteer Corps issued an official denial that orders for mobilization had been sent out, adding that the organization could act only upon instructions from the municipal authorities. It was generally thought that at least for the time being the Shanghai Municipal Police would be able to handle the situation without assistance from the outside.

A definitely encouraging factor which seemed indicated in the minds of Japanese and Chinese here in high positions was to the effect that both camps would work toward the protection of foreign interests. It is generally felt, on the other hand, that from the international standpoint Shanghai would make a stiff stand against any repetition of the events of five years ago.

Asked what attitude the Shanghai Municipal Council would take toward a general exodus from Chapel into the Settlement, a high official stated that if things went too far orders would be issued to protect the Settlement from an inflow of residents of the outside areas. It was also stressed that steps might even be taken to keep crowds from leaving Hongkew in favour of other parts of the Settlement and the French Concession.

It was also learnt that the Shanghai Municipal Council plans to take no action with regard to the patriotic activities of the Chinese in the Settlement beyond insuring that peace and order is observed as well as can be expected under the circumstances. In some parts of the Far East Chinese communities living in areas under foreign control have been informed that they will not be allowed to make mass contributions to the North China campaign, but this will not hold good in Shanghai as the Council said it has no power to make such an order.

Major Peace Crisis

It was generally understood yesterday that the question of the hostilities in North China would not come up for discussion at the final meeting of the Shanghai Municipal Council held at the Consulate-General for the Netherlands in the morning. The meeting was held at the Consulate-General for the Netherlands in the morning. The meeting was held at the Consulate-General for the Netherlands in the morning.

sion here yesterday it was aroused by the questions as to whether or not the Japanese would refrain from sponsoring any unnecessary demonstration in the Settlement and, secondly, whether the large body of troops allegedly stationed just outside the Shanghai area would maintain their distance.

It was a strange day for Mr. O. K. Yui, the new Mayor of the Municipality of Greater Shanghai, to assume officially the responsibility of succeeding the former Mayor Wu Te-chen. The announcement of his appointment was, however, received most favourably on all sides here. He is generally popular with foreigners and Chinese alike and messages of congratulation poured in to his office throughout the day.

Almost as busy as the new Mayor yesterday were the intelligence officers of local military organizations and consulates, whose telephones rang incessantly throughout the day. Rumour ran high on all sides, and hardly less inaccurate was the mass of information printed in many special editions of the vernacular newspapers. These did a roaring business after the morning's news from North China reached Shanghai.

Women Are Stranded

If there were a good many people in the North China area who would have liked to get to the safety of Shanghai, the various correspondents for foreign newspapers here did not see eye to eye with them. Several of those who had not already packed up and headed for the scene of trouble were attempting to get away yesterday, and it is understood that Peiping has become a veritable hive of writers sending news to all parts of the world.

Some fear was held here yesterday for people who are stranded in North China due to the present crisis, a number of Shanghai residents being among those who are not likely to get to safety in the immediate future. It is known that one tour party of American women which left Shanghai last week is being held up in Peiping. Efforts were made to prevent the departure of these women, but they insisted on visiting the old capital and finally got their own way, quite possibly to their present embarrassment.

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THE NORTH-CHINA DAILY NEWS, WEDNESDAY, JULY 28, 1937

Refugees Streaming Into Settlement

The exodus from Chapel which had been in progress all day yesterday assumed large proportions yesterday evening. For about four hours beginning at 6 p.m., solid streams of refugees flowed down Paoshan Road into North Honan Road and from Dixwell Road and other important thoroughfares. The evacuation quietened down toward midnight, but extreme tension was still felt throughout the northern district at an early hour this morning.

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CHAPAI EVACUATION INCREASES

Steady Stream of Household
Possessions Moves Out

MYSTERY OF JAPANESE SEAMAN UNSOLVED

A steady stream of removal vans, motor-cars, rickshaws, wheelbarrows and coolies trekked south from Shanghai's northern area yesterday as the rumours of impending war spurred on the exodus which started several days ago. Groaning with furniture and other personal belongings and with commercial stocks in some instances, the vehicles moved along the main thoroughfares leading from Chapei, destined for the International Settlement, French Concession and, in rarer cases, towns and cities south of Shanghai.

As during previous days, Paoshan Road and its continuation in the Settlement, North Honan Road, received by far the largest portion of the migratory traffic. North Szechuen Road, Dixwell Road and other important streets saw a fair movement of vehicles and refugees, especially during the afternoon. The household removal companies were swamped with calls throughout the day.

The bulk of the fleeing families, however, used rickshaws. Of twelve loaded vehicles that passed from Paoshan Road into North Honan Road and Boundary Road in one minute at 5.45 p.m., ten were rickshaws, one was a Chinese hire-car filled with household furnishings, and the twelfth was a perambulator pushed by a woman but holding bedding and kitchen utensils. The stream of refugees at the crossing at that time was steady and gave traffic policemen on both the Chapei and the Settlement side a fair amount of special work. In most of the rickshaws a member of the family usually sat buried under boxes and bundles flanked by a bedstead or chairs or a small table. One hand-cart was stacked with bags of grain on top of which rested an enormous bundle of bedding.

Patrols Continue

The continued appearance of armed Japanese patrols did not serve to quiet the nerves of the population. At street corners, groups were observed scanning eagerly the latest newspaper posters describing the northern situation. Maps of the zone where fighting has taken place were prominently displayed on telephone posts and walls. Business appeared to be slack in the streets of Hongkong, especially at Japanese shops. The general atmosphere was "electric."

Settlement Chinese and Japanese Consular Police continued their investigation into the disappearance of a Japanese blue-jacket, Kamei Kiyozaki, who was reported by a mysterious witness to have been discovered in Chapei Road on Monday morning. The Japanese Consular Police did not want to admit that the case was in any way connected with the Japanese Consular Police. The Japanese Consular Police did not want to admit that the case was in any way connected with the Japanese Consular Police.

was not "Japanese." The Chinese press suggested that the young seaman, who was a comparative newcomer to Shanghai, had simply overstayed his leave, and one paper reminded its readers of the case, about three years ago, involving a Japanese vice-consul at Nanking who was reported to be the victim of "foul play" but who was found again, unharmed, in the vicinity of the city.

The appearance, in Broadway and in Hongkew, of large patrols of the Japanese Landing Party on Monday night, gave rise to considerable discussion among residents, both foreign and Chinese.

Government Bonds Drop

Chinese Government bonds continued their downward trend yesterday. Owing to the approach of settlement day to-morrow, issues for August delivery were traded only. Starting with a drop of five to ten cents for the first two issues, i.e., Consolidated E and D, the decline assumed a more serious aspect with other Consolidated issues going down 70 cents, \$1.15 and \$1.70. In the afternoon session, the bonds remained weak at the opening. Marked recovery was recorded by Consolidated A, while 96 Million also gained 40 cents.

The China National Aviation Corporation despatched its aeroplane to Tientsin as usual, which arrived at its destination shortly before 3 p.m. yesterday. Train service to Tientsin was also being maintained.

Mr. Huang Peh-tu, secretary to Mr. Hsu Shih-ying, Ambassador to Tokyo, sailed for Japan in the ss. President Coolidge yesterday to join the Embassy. Mr. Siao Chin-ying, member of the Charhar and Hopei Political Council, was reported to be cutting short his investigation tour abroad, and is planning to return to China from New York early next month.

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The Shanghai Evening Post & Mercury, Tuesday, July 27, 1937

Kita Forecasts Graver Trouble

Military Attache Here Warns "Provocation" Means Action

To allow the 29th Army "to continue its policy of provocation" is to court "new and still graver developments" in North China, according to Major-Gen. Seichi Kita, military attache to the Japanese Embassy here.

Addressing newspapermen, the officer declared that "another breach of faith will force the Japanese Army to lose its badly-tried patience."

The Chinese "non-compliance" with the terms of the agreements reached on July 11 and 19, he declared, must be ascribed "either to internal discord" or to a decline in the influence wielded by Gen. Sung Che-yuan, commander-in-chief of the 29th Army.

The continuing advance of Central troops north, Major-Gen. Kita asserted, is "partly responsible for the recalcitrance" exhibited by the Chinese forces in and near Piping.

"Agitators employed by the Kuomintang and the Popular Front," he declared, "are actively deepening the anti-Japanese feel-

ing in the ranks of the 29th Army, and we are probably justified in believing that it is no longer friendly to Japan."

It is futile, he concluded, to expect the Chinese "to reflect on the situation" and to make an effort to clarify it.

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Face The Issues!

THE URGENT NECESSITY for an immediate frank facing of the whole Sino-Japanese issue, on the part of both principals, is pointed quite a number of jumps with Japan since by yesterday's new and grave hostilities in North China.

Neither side can now argue that the crisis is new or unexpected. There has been plenty of time to get over the first surprise of the clashes which caught everyone unexpectedly, despite ample preliminary symptoms. The issues have become clearly drawn and above all it has grown ever clearer that the answer to the query, "Peace or war?" lies exclusively within Japanese hands although the Chinese are not blameless in all respects such as their failure to come out candidly on the whole issue of secret agreements.

If the Japanese want a fight they can have it. Every indication from Nanking bears this out. North China is not to be another Manchuria or another Jehol. The China of today is not the China of yesterday, and at the moment the official problem is rather one of restraint than of stirring the nation toward resistance.

Yet war is still far from inevitable. Japan can avert it if she will, merely by taking a decent and civilized attitude having as its primary point a willingness to respect the right of others.

General Chiang Kai-shek has told of an incident of 1928 when the late Viscount Shibuzawa presented him with a copy of the famed *Anecdotes of Confucius* and told him that he most admired the passage translated as—"What you do not want done to yourself, do not do to others." The same thought has rung down through the centuries in the Golden Rule, which puts the matter even more pungently—"Do unto others as you would have others do unto you." Yet this universal law is being trampled daily by Japan's military in North China, who do toward China that which would never for one instant be tolerated by Japan in any part of the Empire of Dai Nippon.

Essentially that is what it all comes down to. However much the arguments may be twisted about and about, Japan is on Chinese soil endeavoring to enforce Japanese wishes contrary to Chinese desires. Within a limited extent China is prepared, because of the obvious nature of things, not to stand upon what Japan would demand of others in like case; but China has reached a situation, by the two processes of desperation and preparation, where she cannot be forced beyond a point.

The decision, as we have said, is Japan's, although China too should spare no effort to state the issues frankly as General Chiang recently did in laying down (at Kuling on July 19) a four-point stand for the nation.

Can Japan's program be frankly stated? Will it stand the test of world opinion and Chinese scrutiny? Surely it should if it is the strong and sensible thing; but if it contains only a pretense of sincerity, even partial concessions, it can never stand the test of either Japanese responsibility or the Chinese right to demand a frank statement of the issues.

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Raising Of Three Billions For War Needs Proposed

Interesting Scheme Presented By The Chekiang Residents Guild At Meeting Of Body For Support Of Resistance Against Enemy

An important proposal which, if carried out, would enable China to collect more than \$3,000,000,000 from her people for carrying out various national defence measures in the event of a war with Japan was submitted yesterday by the Chekiang Residents Guild to the newly formed All-Shanghai Committee for the Support to the Resistance Against the Enemy, an organization supported by all leading Chinese public bodies in Shanghai. The proposal will be discussed on Wednesday.

The proposal urges the Chinese people to contribute towards what is termed the "enemy-resisting and national salvation fund." The contributions are divided into three categories. All real estate and land owners, who are Chinese, should contribute 1/20th of the value of their properties. It is stated that although there is no statistical record of the nation's wealth the arable land alone measures 1,400,000,000 mow. One twentieth of this land is 70,000,000 mow.

If on average, one mow of such land is worth \$30, the total contribution would then amount to \$2,100,000,000. If the land in cities like Shanghai is taken into consideration, the total contribution would amount to \$3,000,000,000 by land and real estate owners alone. In Shanghai \$100,000,000 can be collected. The money should be paid in 10 instalments once every three months. If there is no cash, the contributors can mortgage immovables, which may be redeemed without paying interest within a period of 10 years. Farmers who till the land themselves and soldiers are exempted from contributions.

Shops Should Pay

All firms and shops should contribute 1/50th of their capital in the same way. Salaried individuals should contribute one per cent. of their income. Eighty per cent. of the total contribution should go to the Government while the remainder should be reserved by the civic organizations for financing relatives of dead soldiers in various ways, and carrying out relief measures for the people living in war-torn areas.

The new committee studied the proposal yesterday, at a meeting at which other decisions were reached. The committee decided to refer the proposal to the sub-committee in charge of contributions which is scheduled to meet on Wednesday. The committee decided to organize a national committee by rallying similar organizations in other places to its support. It was decided also to collect contributions by asking Chinese enterprises, including motion picture stars, to give an amusement programme.

Five sub-committees including those in charge of contributions, communications, relief measures, publicity, training and raising funds, and a general committee, were also formed.

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JAPANESE PATIENCE SORELY TRIED

General Kita Discusses North
China Situation

NANKING TROOPS' MOVE CRITICIZED

To allow the Twenty-Ninth Army "to continue its policy of provocation" is to court "new and still graver developments" in North China, according to Major-Gen. Seishiro Kita, military attaché to the Japanese Embassy here.

Addressing Japanese newspapermen, the general declared that "another breach of faith will force the Japanese Army to lose its badly-tried patience."

The Chinese "non-compliance" with the terms of the agreements reached on July 11 and 12, he declared, must be ascribed "either to internal discord" or to a decline in the influence wielded by Gen. Sung Cheh-yuan, Commander-in-Chief of the Twenty-Ninth Army.

The continuing advance of Central troops to the north, Major-Gen. Kita asserted, is "partly responsible for the recalcitrance" exhibited by the Chinese forces in and near Peiping.

"Agitators employed by the Kuomintang and the Popular Front," he declared, "are actively deepening the anti-Japanese feeling in the ranks of the Twenty-Ninth Army, and we are probably justified in believing that it is no longer friendly to Japan."

It is futile, he concluded, to expect the Chinese "to reflect on the situation" and to make an effort to clarify it.

City Excited By News Of Renewed Fightings

Chinese Bond Market Takes Drop At First Report;
Vernaculars Issue Extras; Patriotic Bodies
Busy Preparing Aid To Troops

After some four days of watchful waiting, Shanghai residents were again plunged into a state of intense excitement and tension yesterday as reports, authentic and otherwise, concerning the resumption of hostilities in North China and the activities of Japanese troops made their rapid rounds through the city.

First news yesterday morning of fighting at Lanfang sent quotations for Government bonds down by as much as \$3.80 or within 40 cents of the maximum fluctuation allowed on the Chinese Stock and Bond Market during one session.

Hardest hit by the report of North China fighting was Consolidated Bonds "A" which dropped by \$2 when the trading opened. Although the quotation later recovered for a brief period, the closing price registered another 60-cent drop for that issue. The decrease for other issue ranged from \$1.70 upwards.

Plane Trip Uncertain

The fighting also placed travel facilities from here to Peiping in a state of uncertainty. Officials of the China National Aviation Corporation were unable to say yesterday whether their Peiping plane leaving here this morning will reach its destination. The northbound ship of the company landed in Tientsin and did not proceed to the Old Capital. Train service from here to Peiping was also only reaching Tientsin.

Interest and excitement of the North China fighting among the local residents were heightened by the extras published yesterday by several local Chinese newspapers which carried the latest developments of the hostilities. The China Times brought out an extra at 11 o'clock with news of fighting outside of Peiping, and the attempt of the Japanese to shell Changyimen. In the morning the Japanese air raid at Lanfang was described by an extra of the China Morning News.

Other local vernacular papers brought out bulletins which were posted on the walls in the downtown areas. Large crowds gathered to read the hand-written notices and discussed the situation.

Red Cross-Government Meet

Officials of the Chinese Red Cross General Association yesterday gathered to discuss measures for aiding its Peiping and Tientsin branch associations in caring for the wounded Chinese troops. Several philanthropic organizations, including the Shanghai Y.M.C.A. were also represented. The meeting was held in the afternoon.

in the first-aid work and in sending medical supplies to North China.

Representatives of local public organizations and well-known local doctors will meet under the auspices of the Red Cross Association Wednesday afternoon to discuss a program concerning the training of first aid personnel and the various practical phases of Red Cross work. Steps are being taken by local bodies against export to foreign countries of commodities which have special value in times of emergency, such as metal, rice, and kerosene.

The Special District Citizens' Association yesterday instructed the City Chamber of Commerce to take special precaution against the export of refuse metal, which might be converted into ammunition.

It is learned that the Japanese and Korean yopins have been active in gathering metal refuse from retail shops in Shanghai, the owners of which are ignorant of its value.

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THE NORTH-CHINA DAILY NEWS, TUESDAY, JULY 27, 1937

WAR SITUATION AT A GLANCE

CHINESE and Japanese troops clashed at Langfang on Sunday night. The Chinese were driven out of the city yesterday morning, after an aerial bombardment.

General Sung Cheh-yuan, chairman of the Hopei-Charhar Political Council, has ordered the 29th Army to resist all attacks.

The Japanese have presented an ultimatum to General Sung, setting noon to-day for the withdrawal of the Chinese troops in the Wangping area, and noon to-morrow for the withdrawal of all men of the 29th Army beyond the Yungting River.

Serious fighting broke out near Peiping last night, and was continuing at the time of going to press.

Nothing has yet been heard of the Japanese marine missing in Shanghai, and meanwhile the Japanese suspect an insult to their flag at a farm in Kiangwan.

Japanese reinforcements are arriving hourly in Tientsin, many of them being moved immediately towards the fighting zone.

Excitement reigns in Tokyo and Nanking. The Japanese Diet is due to meet to-day.

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THE SHANGHAI TIMES, SATURDAY, JULY 24, 1937

Japanese Censors At Tientsin

TIENTSIN, July 23.—As a result of protracted negotiations between Major-General Li Wen-tien, Municipal Commissioner of Police for Tientsin, and the Japanese military authorities, the Japanese censors were recalled from the Hong Kong Administration in the 3rd Special Area (former Russian Concession) at 4 p.m. yesterday.

The Japanese censors entered the Post Office headquarters on the 18th inst. and insisted on censoring all incoming and outgoing mail. — Kuo Min.

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THE CHINA PRESS, FRIDAY, JULY 23, 1937

Salvationists Praise Stand Of Gen. Chiang

NANKING, July 22.—(Kuomin).—General Chiang's powerful statement has called forth a telegram of support from the seven leaders of the so-called "All-China National Salvation Association" (Shen Chun-ju, Tsou Tao-fen, Chang Nai-chi, Li Kung-po, Sha Chien-li, Wang Chao-shih and Miss Shih Liang) who are under detention at Soochow on charges of endangering the Republic. Their telegram states:

"We have been informed by our relatives that Your Excellency has declared to the nation your determination to make the final sacrifice in order to seek peace.

"You have declared that the final limit will depend on whether or not the Lukouchiao Incident can be amicably settled. The conditions of settlement will also be in conformity with the general principle of non-impairment of territorial and sovereign rights and non-aggression. Your ideas are correct and your words dignified.

"We are greatly inspired by your statement. We firmly believe that your vigorous call will further unify the nation and enhance the co-operation between the Government and the people, so that a concerted effort may be made for coping with the unprecedented national emergency under your able direction.

"Although imprisoned, we are no less anxious for the welfare of the state. The invasion is becoming daily more serious, and our anxiety is increasing. While we cannot participate in the work of national salvation, we hope that your efforts will be successful."

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Feng Appeals For Fullest Unity Now

People Should Concentrate Energy For Struggle, He Says

INTERVIEW GIVEN
AT RESORT CITY

29th Army Lauded And
Telegram Calling For
Resistance Revealed

KULING, July 22.—(Central).—Every Chinese citizen should throw in every ounce of his or her energy in assisting China's survival in the present national predicament under the leadership of the Central Government.

This opinion was expressed by Gen. Feng Yu-hsiang, Vice-chairman of the Military Affairs Commission, in an interview with the Central News Agency correspondent today. The future of the North China situation, Gen. Feng declared, depends entirely upon the attitude of Japan.

"China," he asserted, "is a peace-loving nation, but she will not stand for alien aggression. The whole nation will safeguard her independence and liberty at any cost."

Praises Hopei Officials

The "Christian General" paid a glowing tribute to the officials and people in North China for their strenuous efforts in maintaining peace under extremely unfavorable circumstances, and believed that they will continue their efforts for national existence.

High praise was lavished by Feng upon the heroic defenders of Lai-kouchiao.

Gen. Feng revealed that immediately after the receipt of reports of the incident, he wired to the 29th Army, urging them to continue their resistance against Japanese aggression and to protect China's territorial and sovereign integrity.

Commenting on the incident, Gen. Feng said that it was not accidental, but arose from the challenging attitude of the Japanese military, who have been emboldened by their occupation of the four Northwestern provinces without resistance on the part of the Chinese troops.

China Must Unify

Still blinded by their desire for military conquest, they planned a repetition of the Mukden incident in North China, not realizing, however, that the Chinese people have awakened to the danger confronting the nation and were determined to defend the nation at all costs.

In conclusion Gen. Feng expressed the hope that the Chinese people in Japanese-occupied areas would continue to stand firm in their resistance to the Japanese aggression, and that the government would continue to support the people in their struggle for national unity and independence.

Chiang Stand Gets Support

Kwangai Army Ready To Back Government

The speech recently given at Ku-ling by General Chiang Kai-shek, President of the Executive Yuan, clarifying China's stand toward the North China crisis, has received hearty support from leaders in Kwangai, says Central News.

In a joint telegram to the National Government, Generals Li Tsung-jen and Fai Chung-hai, Commander-in-Chief and Deputy Commander-in-Chief of the 5th Route Army, and Mr. Huang Shu-chu, Chairman of the Kwangai Provincial Government, declared that the ~~best minimum conditions as laid down by the Government~~ ~~as the basis for negotiations for a settlement of the Japanese invasion are in complete accord with China's public opinion.~~

"If the Japanese military should further disregard our efforts to maintain peace," the Kwangai leaders asserted, "the rank and file of the 5th Route Army and the entire populace of Kwangai are ready to follow our National Leader in a bitter struggle for national existence."

Japan Officials Confer

NANKING, July 22. (Contd.) — Representatives of Foreign, War and Navy Offices here met in conference this morning to exchange information and views.

Participating in the discussions were: Mr. ~~ambassador~~ Hirooka, Charge D'Affaires; Col. Sakai, Okada and Capt. Sakino, Waki-hara, respectively military and naval resident officers here.

Mr. Hirooka reported on the results of his meeting last night with Sir Hughes Montagu Douglas, British Ambassador to Nanking, and of his conversations with representatives of the Watsons.

Following the one-hour meeting, each of the three conferees cabled his report to his ministry in Tokyo.

CURFEW IN HONGKEW IS MAINTAINED

Meeting In Morning Is
Said Responsible
For Action

PLACES OF AMUSEMENT ARE FAIRLY EMPTY

For the first time since the beginning of serious trouble in North China, a curfew was observed in Hongkew last evening. Many of the streets in the district presented a deserted appearance as a result of this, and by a late hour even the busier cabaret zones were far more quiet than usual.

It was denied in Japanese circles that an official order had been issued, one interpretation being that a verbal request had been made at a meeting in the morning. This meeting of residents was said to have been held under the auspices of the Consulate and several organizations.

Officers of the North Szechuen Road station of the Chapei Police stated that they had been asked by the Japanese Consulate to assist in maintaining the curfew, adding that they had done so and no untoward circumstances had developed.

Nearly all the Japanese restaurants and places of amusement in Hongkew remained open last night but did not enjoy normal patronage. Residents of the area showed a preference for staying at home to enjoy a quiet evening.

Another development in the local Japanese community having to do with the current situation is the establishment of an emergency system of communications between the Consulate and various schools, factories and other points.

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Economic Background Of Northern Crisis

BEHIND the obvious facts of military clash in north China lies an economic background—specifically, Japan's iron and steel famine, rendering Hopei's iron deposits (and the Chinese adverse attitude) of acute importance—declares an economic authority in an intensely interesting and timely article appearing on the Editorial Page today.

Turn to Page 10 for a concise but convincing statement of what the economic background of the North China crisis consists.

Seek The Economic Motive

AN ACUTE FRENCH SAYING runs "Cherchez la femme"—seek the woman. When there is trouble between nations one might amend this saying to read a French equivalent of "Seek the economic motive."

We have heard a great deal of discussion of the military aspects of the North China crisis; today, of this page, The Shanghai Evening Post presents a shrewd, well-reasoned and well-supported economic background analysis which no intelligent student of Far Eastern matters should miss.

The qualifications of the author may best be judged by what he says. We believe it will be agreed that he knows what he's talking about.

Iron, he says, has increasingly become the central obsession of Japan's military economists, and their preoccupation has become intense since late 1936 when an acute iron and steel shortage threatened both her rearmament plans and possible future war requirements. As official building plans were curtailed and renewal work on both Japanese and Manchurian railways was delayed, Hopei's iron deposits suddenly loomed into special importance instead of taking their part in a long-range program—while at the same time, the Chinese attitude became a matter of increasing anxiety.

The article should be read in full (it is brief) and we have no desire to attempt to rewrite it. Anyone who judges a military situation through its own obvious external factors, however, errs in the increasingly economically-minded world of today. Likewise a purely military settlement of a situation economically based must be distrusted and doing nothing save establish a temporary basis of power through which economic forces may be channelized.

Viewed through the economic eye-glass, North China seems increasingly a crucial point for the Central Government to stand firm. Japan's need for North China may at the same time be seen to consist of more than a mere thirst for new territory—yet at the same time it becomes doubly imperative that Japan reach a basis of friendly collaboration with China rather than strive to play the part of politico-economic exploiter by force.

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The Shanghai Evening Post & Mercury, Saturday, July 17, 1937

**Japanese Factories
May Make Munitions,
Chinese Declare**

Japanese-owned factories in Shanghai will be overhauled and converted, if necessary, into munitions plants to produce explosives and ammunition, states a report in the Sin Wen Pao.

Secret orders for their overhauling have recently been issued by Japanese military authorities to the owners of the factories, it is reported.

According to the report, special equipment was secretly installed in the plants six months ago under the direction of military agents so as to allow for instant change from peace time to war time production.

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Chinese Authorities Stop Foreign Visas To North

Temporary Suspension In View Of Critical Status Of North China; Ban On Flour Shipments Is Ordered; Mr. Hsu Leaves For Japan

The temporary suspension of travelling visas to foreigners wishing to go to Peitaiho, Tientsin, Peiping and other areas near the scene of the latest Sino-Japanese hostilities was announced at the Passport Examination Office of the Shanghai City Government yesterday morning. Owing to the grave situation in the north, it is deemed unsafe for foreigners to travel in the region until conditions return to normal.

This action comes to many residents as a disappointment since Peitaiho is one of the best summer resorts on the China coast, while tourists regard Tientsin and Peiping as "must" places to visit. Tsingtao, however, perhaps the most popular resort for overheated Shanghaianders, is still open to tourist trade.

Control Of Shipments

Tight control over business deals which might work to the benefit

of the Japanese in the event of hostilities in earnest, is being instituted by Chinese authorities. A ban against shipments of flour from Shanghai to Tientsin, Foochow and Amoy was reported yesterday. On Friday the Shanghai Customs authorities stopped some 200,000 bags of flour which had been consigned to Tientsin buyers. A consignment of 35,000 bags aboard the s.s. Chong Lee was unloaded at a Pootung wharf when a Customs cruiser stopped the ship outside Woosung and ordered it to return.

Ambassador Returns

"I shall devote my utmost to liquidate the present crisis between China and Japan on the basis of justice and sincerity after I return to Tokyo post," declared Mr. Hsu Shih-ying, Chinese Ambassador to Japan, in a written statement to the press when he boarded the President Cleveland on Friday night to resume his duties in Japan.

Mr. Hsu, who originally decided to resign from his post on account of ill-health, changed his mind in order to serve the country in view of the present tension in North China.

In his statement, he expressed the hope that Prince Konoye and Mr. Koki Hirota, who have repeatedly announced in the past their professed desire for the readjustment of Sino-Japanese relations, will continue to devote their energy along this line and work for peace in East Asia.

While he will not humiliate the country in carrying out his duties in Tokyo, the statement further stated, he hoped that the people in the country will rally under the Government to face any emergency.

Given Big Send-Off

Mr. Hsu was seen off by a large number of local officials and business leaders last night. Among them were Mr. Wang Shao-tsai, representing Acting Mayor O. K. Yui, Colonel Wang Tse-nan, representing General Yang Hu, Garrison Commander of the Shanghai-Woosung area, Mr. Chen Ming, deputy director of the Shanghai Office of the Waichiao-pu, Messrs. Yu Ya-ching, Wang Hsiao-lai, and Tu Yuch-an.

He was profusely entertained yesterday. At noon, local charity groups gave a luncheon in his honour at the Buddhist Kung Teh Ling restaurant. In the afternoon, various other local bodies entertained the Chinese Envoy at the Pootung Guilds Association.

At the latter function, Mr. Wang Hsiao-lai, Chairman of the Shanghai Chamber of Commerce, in the course of a speech commended Mr. Hsu for his courage to serve the country during the present tension in North China by returning to his Tokyo post despite his ill-health. He also wished Mr. Hsu success in his efforts when he returns to Japan.

Mr. Hsu, who is expected to return to Japan in the near future, will be accompanied by his family and a small staff.

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THE SHANGHAI TIMES, SATURDAY, JULY 17, 1937

A number of returned overseas Chinese in Nanking, at an emergency meeting, decided to ask the National Government to declare war against Japan. The meeting also decided to urge all overseas Chinese throughout the world to contribute generously to a "War Chest" in support of the Chinese troops now fighting the Japanese in the North.

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Extra Precautions Locally To Prevent Incidents

Japanese Community Warned To Keep Calm And
Avoid Excitement Over Exaggerated Reports;
Extra Police Patrols On Streets

Japanese residents here were warned on Monday by their authorities to exercise "all possible caution" until the settlement of the North China incident.

Special instructions were issued in this connection to the Japanese Consular Police by Chief Shuhei Tajima.

Municipal police stations in the Hongkew and Yangtzepoo districts have been instructed, according to local Japanese newspapers, to take every possible precaution against the recurrence of anti-Japanese terrorism.

S.M.P. patrols on duty, the press said, were to be reinforced at 7 o'clock last night.

The Shanghai "Mainichi" editorially asked the local Japanese community yesterday to place "unquestioning reliance" upon the Japanese authorities.

The daily also warned its readers to place no credence on the "exaggerated or garbled" reports on the North China situation in foreign and Chinese newspapers.

"Always Accurate"

"It must always be kept in mind," the journal declared, "that reports issued by the Japanese authorities through the Japanese press are always accurate."

"Local Japanese residents must, therefore, base their judgment of the situation on Japanese official and press reports."

Groundless news published in the Chinese press, the daily asserted, "led to the suspension of trading in Government bonds on Monday and caused exchange fluctuations unparalleled since the Sian incident."

Local Japanese consular, naval and military officials, the daily said, met on Monday to discuss the possible local repercussions of any new grave developments in the north.

Destroyers Arrive

Augmenting the Japanese naval power in Shanghai, two destroyers arrived here at 12.00 p.m. yesterday.

They were the Fuyo and the Karukaya belonging to the Fifth Torpedo Boat Flotilla of the Third Fleet, which is stationed in Chinese waters.

The Fuyo left for Tsingtao at 7 o'clock last night.

Latent anti-Japanese feeling, heightened by the events in North

China, was ascribed by the local Japanese press as the cause for a mob attack on the home of Mr. Hidesaburo Aoyagi, 250, Yochow Road, at about 11.30 o'clock on Monday night. Material damage estimated at \$30 was caused, the papers said.

The trouble arose from a dispute over a ricksha fare, the reports stated. About 30 Chinese gathered to watch the altercation, and rushed into Mr. Aoyagi's home, the dailies alleged.

Municipal police from the Wavside station dispersed the attackers. No injuries were reported the papers added.—Domei.

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THE SHANGHAI TIMES, TUESDAY, JULY 13, 1937

Shanghai Firms Get Emergency Orders

Japanese banks and cotton mills in Shanghai yesterday were instructed by their home offices to be prepared to take emergency measures in case the present Sino-Japanese crisis should become aggravated.

The financial institutions were directed to be cautious in their commitments, while the textile firms received orders to draw up plans for the evacuation of women and children among the families of their staffs.

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Japanese Ask Chinese For Protection Locally

Nippon Consul-General To Seek Guarantees For Steps To Be Taken To Safeguard Lives And Property; Local Bodies Exhort 29th Army

Calling on Mr. O. K. Yui, Acting Mayor of Greater Shanghai, to-day, Mr. Suemasa Okamoto, Japanese Consul-General here, will press for guarantees of adequate steps for the protection of Japanese lives and property in Shanghai.

This followed a 1½-hour conference at the Consulate-General yesterday morning attended by high Japanese, Army, Navy and diplomatic officials.

Information regarding the situation in North China and possible local repercussions was exchanged by the conferees.

Attending were: Major-General Seichi Kita, military attache to the Embassy; Rear Admiral Tadao Honda, naval attache; Colonel Sanetaka Kusumoto, assistant military attache; Mr. Akiyoshi Tajiri,

First Secretary of the Embassy; and others.—Domei.

Local Reaction

Highly indignant over the renewal of Japanese attacks on Lukouchiao various local bodies have telegraphed to the 29th Army, urging resistance against the aggressors, to the last man.

The telegrams all commended the stiff stance adopted by the Army and exhorted it to continue their resistance with renewed vigour. The firm defence of Chinese soil was also urged upon the troops.

Among senders of these dispatches are the China Cultural Reconstruction Association, the National Postal Service Labour Union, and other cultural and labour organizations.

The "Ta Kung Pao," an independent local daily, yesterday received \$100 from the Students National Salvation Association to be forwarded to the 29th Army as "comfort" purposes.

In an accompanying letter, the Association pledged its support to the Army in collaboration with the Central Government and the people of the whole country.—Central News.

Message To Troops

A telegram of encouragement to the 29th Army, for its "great services to our country, in the defence of the Marco Polo Bridge," was sent on Sunday by the Chinese Cultural Reconstruction Society, the Japanese papers reported yesterday.

Addressed to the officers of the Army, through General Chin Teh-chun, Mayor of Peiping, the telegram read:

"We all tender our profound gratitude to the officers of the 29th Army who had rendered a great service to our country by their defence of Marco Polo Bridge at the risk of their lives.

"Hoping that the Central Government will soon decide to protect the territorial integrity of China by continuing the military operations, the Society hereby pledges to join all other Chinese in backing the Government."

The meeting, attended by 81 officials of the Society and representatives of other bodies, was held, according to the Japanese press, at the Reception Hall of the Shanghai City Government, in Kiangwan.—Domei.

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THE SHANGHAI TIMES, TUESDAY, JULY 13, 1937

PUBLIC HERE WILL "COMFORT" ARMY

Citizens Federation
Urges Nanking To
Send Troops

A meeting will be held to-morrow in the District Chamber of Commerce by Chinese public bodies in Shanghai for the purpose of "comforting" the 29th Route Army which is engaging the Japanese troops in the North in a serious armed conflict.

The decision for holding this meeting was reached yesterday at a meeting attended by representatives of the various trade and residents associations and street unions.

The First Special District Citizens Federation yesterday sent a telegram to Nanking, urging the Government to send troops to Paiping to help the 29th Route Army. Another telegram was sent by the same body to General Sung Cheh-yuan, commander-in-chief of the 26th Route Army, urging him to be non-conciliatory in following a resistance policy. Full support was promised.

The war situation in North China has caused prices of Government bonds to drop considerably. Yesterday all the five kinds of the "Unification Bonds" registered a drop by \$4 and transactions on the bond exchange had to be suspended.

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Shanghai Keeps Calm In Spite Of Wild Rumors; Communications Suffer

Public Indignation Against Japanese Soars And Chinese Urge Resistance; Trains Off Schedule, Planes Getting Through

With reports from strife-torn North China shutting incessantly between optimism and pessimism, Shanghai was yesterday a happy hunting ground for rumor-mongers of both the professional and amateur varieties.

The town was literally seething with "reliable reports" gained from confidential sources, which made their rapid rounds in stock and bond and commodity markets, offices, homes and every place where people flocked together.

Despite these wide rumors, local residents remained calm but tense. They were eager, however, to hear the "latest reports" from the North.

Trading Suspended

As a result of the many unfounded "confidential reports" and the activities of the speculators, Government bonds slipped \$4 on the Chinese Bond Market yesterday morning. This drastic drop prompted the market officials to suspend trading and issue notices asking the operators to make good their margins.

The tumble in bond quotations occurred almost immediately after the opening of the morning session yesterday. The general uneasiness among operators as a result of resumption of hostilities at Lukouchiao was reflected in the bidding at the first bell when bonds of Groups "A," "B," "C," "D" and "E" for both nose-dived by the maximum \$4 difference allowed on the market during one session. This drop prompted market officials to take the customary procedure of declaring the trading closed. Because of the heat, the bond market has not been in session in the afternoon.

On the Chinese Flour Exchange, trading was also at a standstill yesterday. This was partly because of the low prices brought about by speculators, although lack of demand due to the unsettled condition in the North also contributed to the stoppage in trading.

Northern Merchants Cautious

North China merchants, who ordinarily buy a large quantity of cereal and flour on the local markets, were yesterday adopting a cautious policy and refraining from making any commitments. Their withdrawal from active trading, Chinese reports said, was also responsible for the dearth of demands yesterday.

Meantime, airplane and rail traffic schedules between Shanghai and Peiping remained uncertain yesterday. Despite reports from the North that traffic on the Peiping-Tientsin railway has been resumed, travel agencies and railroad offices were yesterday still not selling any through tickets from Shanghai to the Old Capital.

Reports received at the North Station here, said last night that the last Shanghai-bound train left Peiping yesterday morning, leaving Shanghai for Peiping today. The train was reported to be carrying a large number of passengers and goods.

around 3 o'clock yesterday afternoon. Company officials said yesterday that they have not received any confirmation regarding reports that the Japanese military authorities had demanded the use of the C.N.A.C. field in Tientsin for landing military planes.

Eurasia Service Running

The Peiping-Hongkong service of the Eurasia Aviation Corporation was being maintained yesterday, after a temporary suspension last Friday. The Hongkong-bound plane, company officials announced, will leave Peiping on its scheduled time this morning. Reports received here yesterday stated that a Eurasia plane bound from Hongkong to Peiping landed on Friday at Taiyuan as a result of the outbreak of fighting. This plane resumed its flight to Peiping yesterday, reaching the Old Capital at 11.13 a.m.

The tense situation in North China also brought about a heavy increase of telegrams from Shanghai to cities near the trouble centers. As a result messages to the Northern cities, according to reports of the local Telegraph Office, were delayed as a result of the lack of facilities to handle the sudden increase.

Conflicting reports on the North China situation which could not be confirmed took many varied forms yesterday. One of these said the local Japanese residents have completed arrangements for evacuating the city. Also gaining wide currency yesterday were the unconfirmed reports from Chinese sources claiming that Lieut.-Gen. K. Tashiro, who was replaced as General Officer in Command of Japanese forces in North China, died Sunday evening at Tientsin from a heart ailment.

Some 300 Japanese bluejackets of the Special Naval Landing Party made a trip yesterday morning to Chapel. They visited Kiangwan and Tungchi Road in their army trucks.

Japanese Get Instructions

Japanese banks and cotton mills in Shanghai yesterday were instructed by their home offices to be prepared to take emergency measures in case the present Sino-Japanese crisis should become aggravated.

The financial institutions were directed to be cautious in their commitments, while the textile firms received orders to draw up plans for the evacuation of women and children among the families of their staffs.

Shanghai Tense Situation

Highly important over the removal of Japanese officials, as indicated by various local news items, the Japanese military authorities are reported to be in the process of removing their representatives from the Shanghai area.

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The Ta Kung Pao, an independent local daily, yesterday received \$100 from the Students National Salvation Association to be forwarded to the 29th Army as "comfort" purposes.

In an accompanying letter, the Association pledged its support to the Army in collaboration with the Central Government and the people of the whole country.

Indignation Runs High

NANKING, July 13.—(Central).—Public indignation has been aroused here over the violation of the demobilization pledge by the Japanese military and their renewed attack on Lukouchiao on Saturday and Sunday night.

"Extras", printing the lightning developments in the North, are selling like hot cakes and throngs of eager news seekers swarm the front of local newspaper offices for the latest reports on the tense situation.

Stores which install radio receivers also attract big crowds who listen to the latest broadcast on the "war."

Many messages supporting the stand of the 29th Route Army have been sent by various local bodies to the "front", while a campaign has been launched to raise "comfort" funds for the defenders in the North.

"Pacific Means" Said Futile

Futility in the employment of "pacific means" to settle the Lukouchiao incident was pointed out by the local Hsin Min Pao editorial yesterday.

Such "pacific means" adopted by the Chinese Government toward Japanese aggression, the paper opined, will not thoroughly settle the trouble nor will it attain true peace.

Since the Mukden incident of 1931, the Chinese Government, the paper recalled, has been trying to settle disputes between China and Japan through "pacific means", but the efforts have been fruitless in improving the relations between the two countries or in consolidating peace in the Orient.

Recalling the Fengtai incident of last year, the journal said, the evacuation of the 29th Army from the strategic railway junction planted the seed of the recent Lukouchiao case.

Fail To Evacuate

In the hope of "peaceful settlement" of the latter incident, the Chinese authorities withdrew the troops of the 29th Army from Lukouchiao replacing them with the Peace Preservation Corps under the command of Gen. Shih Yu-san. But in violation of the agreement reached in the negotiations with the Chinese authorities, the Japanese troops failed to evacuate from the scene of conflicts, thus aggravating the situation.

Continuing to apply this "pacific" formula for the settlement of the latest incident, the paper predicted, the Chinese authorities will be compelled to allow Japan to station troops in Wanping, and the Yungting River area or to mark out these places as a buffer zone to be maintained by Peace Preservation Corps.

Japanese Policy

Although in an attempt to temporarily calm the situation, the Japanese authorities are reported to be in the process of removing their representatives from the Shanghai area. The Japanese military authorities are reported to be in the process of removing their representatives from the Shanghai area.

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Battle, Started At 10 Last Night, Resumes At Noon After Truce

CHINESE SENTRIES OPENED FIRE SAY JAPANESE REPORTS

Nipponese Report Two Officers Slain And 25 Chinese Dead; Figures Disputed; Chinese Say Own Casualties "More Than 200"

Two Forces Battle West Of Fengtai

(Domet)

PEIPING, July 8.—Thundering gunfire, clearly audible here, at 11:40 o'clock this morning heralded the resumption of the most sanguinary Sino-Japanese conflict since the Jehol campaign of 1933.

Twenty minutes before a two-hour truce was to expire, the echo of exploding shells 20 miles away cast a pall of gloom over agitated Peiping.

The fighting was apparently resumed as Chinese and Japanese negotiators, racing against time to prevent a renewal of hostilities, failed to reach an accord at a conference held in the walled city of Yuanping, on the Peiping-Hankow Railway.

The Japanese military authorities are demanding the immediate withdrawal of all Chinese troops from the vicinity of Lukouchiao.

A one-hour interval was agreed upon at 10 o'clock and extended until noon.

Heavy damage was inflicted on Japanese forces by the artillery of an independent cavalry brigade, garrisoned in Changhsintien, which rushed north following a brush between Chinese and Japanese troops last night.

The known toll of this morning's fighting was:
27 DEAD, 11 WOUNDED

Japanese: dead—one officer and one non-commissioned officer;
wounded—one officer and about ten soldiers.

Chinese: dead—about 25 officers and men.

These figures, however, were disputed by officials of the Hopei-Chahar Political Council, who placed Chinese casualties at "more than 200".

Japanese reinforcements, being rushed on trucks from Tungchow to the Embassy here, were prevented from entering

BACKGROUND

The fighting that has broken out between Chinese and Japanese troops south of Peiping is by no means unheralded, though very little of the undercurrents has been reported in Shanghai. Peiping has for some time been tense and expectant, and at various times martial law has been declared at night, though few were aware of it outside the authorities and foreign consular offices. There has been increasing friction as a result of the determined rounding-up of scores of agitators and plotters, Chinese and Koreans, by the 36th route army, though outwardly everything has been fairly calm.

The large number of Chinese troops in the vicinity is said to have been the only reason an outbreak has not occurred before. The 36th army is General Sung Chieh-yuan's troops, he being chairman of the Hopei-Chahar Political Council, and while he has not been openly defiant of Japanese aggression, he has been firm in determination to maintain the integrity of Chinese territory. His troops have been so on the alert recently that any move similar to that by the Japanese that started the Mukden incident in 1931 would be difficult.

LOCAL WOMAN ASKS FATHER For Help

An appeal to save his daughter from the hands of her cruel husband was received yesterday by the local Japanese Consular Police from Mr. Bunkichi Itamoto, 59, of Nagasaki Prefecture. The unfortunate woman was his 31-year-old daughter Fumiko, who ran away from her father's home five years ago. The woman's appeal to her father claimed that she is being imprisoned by her husband at their home at 125 Yangzepoo Road, on fear of death if she tries to escape. Some time ago, the appeal said, the woman escaped to Tsingtao, but was found by him and brought back to Shanghai. Now he refuses to release her until she pays \$80—the cost of her trip to Tsingtao.

Rethel Mission Bible Sessions Attended

In spite of the heat large throngs of delegates and guests are attending the bible meeting of the Bethel Mission now being held at its mission headquarters in Nantao. The daily program starts with a "Morning Watch" a time for prayer and bible study, and singing class and an hour led by the Reverend Andrew Gih comprise other items in the mornings. A platform meeting at 4:30 is the afternoon program while in the evenings illustrated reports of Bethel Evangelistic Bands from various parts of China and the Philippines are

plained, is necessary as the investigations are still going on and the trial is proceeding. The seven accused were arrested in Shanghai on November 22.

No date for the resumption of the trial has yet been announced

Card-Sharpers Nabbed After Blood Alley Snatch From Yokel

A country yokel from Changsoh named Tao Haimin, 24, who has been in Shanghai for a short period, passed Blood Alley at about 1 o'clock yesterday afternoon and seeing a card game in full swing he took out his worldly possession of \$6 and tried to test his luck. At this stage one of the accomplices of the card player snatched the money from the man and took to his heels.

The yokel was bewildered at first, and was hurt in turn and then saw red because \$6 was all he had in the world. Mustering all his courage he gave chase to one of the men and held him for dear life until the arrival of a police officer. At the Second Special District Court this morning Mao Chang-ken, one of the card sharpers, told the judge that the man lost his money in the game and he was not robbed. However, his past record shows that the accused was a former sharper who had served a jail term and his story when he is

Japanese And Chinese Soldiers Battling Outside Peiping; Clash "Most Sanguinary Since Jehol"

White Flag Hoisted Over Lukouchiao Viewed
As Disassociation Of Gen. Feng Chih-an's
37th Division From 29th R. A. Action

Peiping-Tientsin Telephone Is Cut

(Concluded from Page 1)

ping, was allegedly subjected to rifle and machine-gun fire from a Chinese pill box located near Liuwangmiao.

NORTH OF LUKOUCHIAO

This is about 1,000 meters north of Lukouchiao, a small town to the west of Yuanping. A railway line runs east from Yuanping to Fengtai joining the Peiping-Hankow and the Peiping-Mukden Railways.

Following the alleged Chinese attack, the Japanese unit immediately suspended operations. A message was sent to headquarters in Peiping and instructions requested.

Lieut.-Col. Tetsu Morita, headquarters officer, immediately proceeded to the scene of the clash, accompanied by Mr. Wang Leng-chi, magistrate of Yuanping Hsien, and Mr. Lin Heng-yu of the foreign affairs commission of the Hopei-Chahar Political Council, the announcement said.

JAPANESE, CHINESE CONFER

Captain Tadasuke Teradaira, Chinese language expert; Lieut.-Colonel Ryoze Sakurai, Japanese advisor to the Twenty-Ninth Army and a Chinese staff officer also left Peiping for the scene of the incident.

Before these officers arrived, however, a combat had broken out at about 5:30 o'clock, the Japanese authorities said.

This was precipitated, according to the communique, when Chinese forces, reinforced by artillery units from Changhsien, important station on the Peiping-Hankow railway, allegedly opened fire on the Japanese troops.

FIRE RETURNED

"Our forces were compelled to return the fire," the communique said.

Machine-guns, trench mortars and light artillery were used in the subsequent fight.

Strengthened by the arrival of one battalion of infantry from Fengtai, the Japanese forces made an assault dislodging the Chinese from their positions.

Fleeing across the Yuanting River in the direction of the barracks adjoining the walled city of Lukouchiao, the Chinese were subjected to a heavy Japanese fire. Many fell in their flight and scores of bodies were seen floating on the river afterwards, Japanese military reports said.

White Flag

Meantime, a white flag was hoisted atop a watch tower on the Lukouchiao town wall. This was interpreted by the Japanese to signify that General Feng Chih-an, commander of the Thirty-Seventh Division, did not want to become involved in the fighting outside the walls.

As a precaution, however, the Japanese forces occupied the town and proceeded to disarm the Chinese garrison, an announcement by the headquarters of the Japanese garrison in North China in Tientsin said.

General Feng, the Japanese military authorities in Peiping stated, has disclaimed responsibility for the conflict stating that the Chinese forces involved were not under his command.

Reports Conflict

Information available in Peiping regarding the identity of the Chinese troops involved was conflicting. Some sources stated that they were part of the 115th regiment, other that they belonged to the 116th regiment of the 115th brigade.

Colonel Yoji Wachi, chief of the special service branch of the Japanese North China Army headquarters, hurried to Peiping early this morning to confer with Japanese army officers there.

This followed the breakdown of telephone communication between Peiping and Tientsin.

Emergency Session

Major-General Torashiro Kawabe, Japanese brigade commander in Peiping; Col. Renya Mutaguchi, infantry commandant; Colonel Ma'tui, chief of the special service branch in Peiping, and others went into emergency conference soon after the receipt of first reports of the clash.

While the rattle of rifle and machine-gun fire and the boom of field and trench guns could be heard in Peiping, the city remained calm.

Chinese troops at the Manyuan and Shihyuan barracks have not been mobilized.

Previous Trouble

An incident was narrowly averted recently through the espionage system of the 29th Route Army, according to reports from the former capital, when seven armored cars manned by Japanese soldiers began an early-morning cruise about the city for two hours or so.

It was stated that about 200 Koreans had been placed at various strategic points throughout the city and instructed to create disturbances, with the Japanese soldiers aiding them if necessary. The 29th Route Army however, picked up numerous

Koreans and alleged Chinese traitors during the truck parade and hauled many into prison after questioning, it is said.

Conferences Held

This state of affairs, with continual arrests of suspected Koreans and Chinese and an atmosphere of tenseness and uncertainty, went on for some time. High Chinese officials held conferences to discuss measures of defense and to co-operate in the maintenance of peace and order in the two provinces and two special municipalities under the jurisdiction of the Hopei-Chahar Political Council, reports said. Although it was stated at General Sung Cheh-yuan's absence from Peiping was due to private matters, it was believed that he had actually gone to Shantung to confer with Han Fuchu, provincial chairman.

Hundreds of residents of Tungchow were also said to be leaving the capital and adding to the worries of Yin Ju-keng, head of the East Hopei regime, who tried to stop the exodus, due mainly to wild rumors, by an inspection of all busses passing in and out of Tungchow. Yin was also meanwhile organizing the "Japanese-Manchukuo-Mongolian allied forces" to strengthen his defenses, for which project he was said to be attempting to secure \$800,000 from the Kwantung Army and the Japanese Garrison forces in North China.

Japanese To Maneuver

The second summer review of the Japanese garrison forces in North China will soon be held, according to a special dispatch from Tientsin.

Preparatory to the inspection, it is reported, Japanese troops stationed at Tungchutzu and Hailkwangsu barracks will be ordered to Nantassu near Tientsin for joint maneuvers and camping.

Meanwhile, it is reported that the Japanese Residents' Corporation in Tientsin yesterday completed the plans for an expansion of its own organization. Under the new arrangements, there will be five departments and 18 sections, and Japanese living outside their Concession will come under the jurisdiction of the Corporation, with which their business enterprises should be registered.

Masking Orders Issued

(Domest)

NANKING, July 8.—Instructions to "localize" the clash between Japanese and Chinese troops west of Fengtai were dispatched to General Chang Chih-chung, commander of the 28th Division gar-

isoned near Peiping, by the army affairs Commission here this morning.

A sketchy report of the Lukouchiao fighting was understood to have been received by the Commission.

This dispatch alleged that the Japanese had opened fire on Chinese outpost, "compelling" latter to return the fire.

A similar message was sent General Chiang Kai-shek, chairman of the Commission, at Kiating.

Tokyo Takes Grave View

(Domest)

TOKYO, July 8.—Emergency conferences were called early this morning in the War Office to consider the serious Sino-Japanese incident near Peiping.

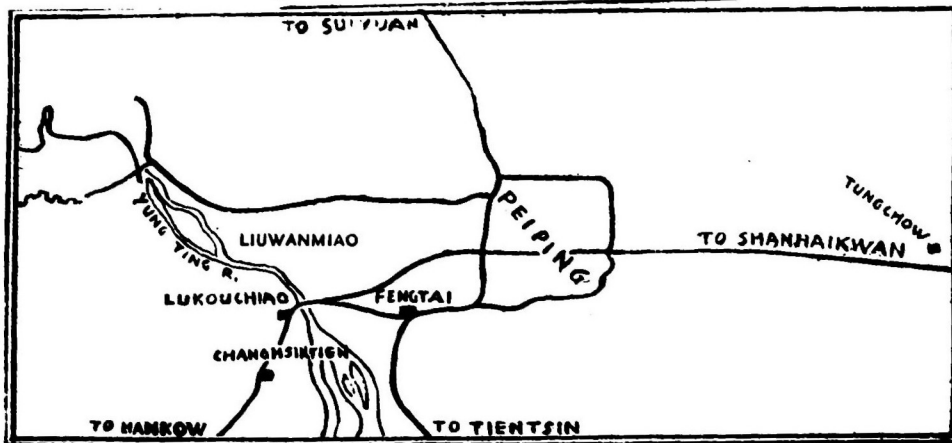
Declining to comment on the situation pending the receipt of official reports, high Army circles, however, said they could not take a "very grave" view of the affair.

The fragmentary press reports received here this morning, said, indicated that the responsibility for the breach of peace in North China rested upon shoulders of Chinese troops.

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Chinese Cross River After Japanese Clash



Scene of the latest Sino-Japanese armed clash, Liuwangmiao (rendered as Lungwangmiao or "Dragon God's Temple" in Chinese maps) is located on the northern bank of the Yungting River about 1000 meters from Lukouchiao, the walled city along the Peiping-Hankow Railway. Both places are within the vicinity of Fengtai, the important railway juncture south of Peiping. Chinese troops were formally stationed at Fengtai proper but withdrawn towards Lokouchiao and the vicinity owing to Japanese opposition following an

armed clash at the railway juncture some months ago. The first clash took place near Liuwangmiao at 10 o'clock last night when Japanese troops conducting a night maneuver were attacked by machine-gun fire from a Chinese pill box as reported by the Japanese sources. Fighting continued and Chinese troops were finally driven south towards the walled city across Yungting River to Lukouchiao barracks. The fighting is in the vicinity of the famous Marco Polo Bridge across the river, familiar to many foreign visitors to Peiping.

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Japanese Paper Warns Chinese

China Urged To "Come To Senses"; Envoy Reports Rapped

Contending that China, "with pride gone to her head," was riding for a fall "unless she comes to her senses," the Shanghai Mainichi warns that "a great commotion" was in the offing unless the Chinese attitude were remedied.

The Chinese Press, the daily said, "is giving full vent to its conjectures about purported subrosa adventures" in connection with the impending visit of Ambassador Shigeru Kawagoe to North China.

Looking Askance

Its Chinese contemporaries, the Mainichi went on, are looking askance at the visit of Mr. Kawagoe to Tsingtao where he is to confer with Mr. Shojiro Ohtaka, Consul-General, and Major Nakao Yahagi, resident military officer, and his subsequent trip to Tientsin where he is to meet with Lieut.-Gen. Kanichiro Tashiro, commander of the Japanese forces in North China; Mr. Tateki Horiuchi, consul-General, and Mr. Denjiro Kato, secretary of the Embassy at Peking.

"They seem to think that he will concoct something sinister at these meetings," the Japanese journal remarked.

Natural Trip

"It is true that Ambassador Kawagoe seldom goes north, but European and American envoys are making such trips frequently. Moreover, it is only natural that, since a new cabinet has been formed in Japan, Mr. Kawagoe should inform those officials of the wishes of the home authorities. Moreover, his presence in Nanking would be of no avail as most Chinese officials have already left for Kuling.

"We have noted with surprise that the Chinese press has seen in Mr. Kawagoe's sincere statement upon his return to China an attempt to gloss over the views he expressed while on his way here. According to the Chinese press, Mr. Kawagoe's expressions stirred ill-feeling in China and revealed that 'innermost intentions' of the Japanese government in spite of 'their verbose coating.'

Speaks For Nanking

"In voicing such views, the Chinese press is speaking for the Chinese government. It is contended that it is Japan that should revise her attitude towards China as China is always ready to be friendly with Japan.

"It goes without saying that this represents a pervarication of the last degree. In our opinion, China has not the slightest wish to see Sino-Japanese relations readjusted.

Pride Before Fall

"The saying that 'Pride goes before a fall' should serve as a maxim for the Chinese people today. It is China, and not Japan, that is feeling proud to the point of dizziness.

"It is true, as Gen. Ho Yin-ching said the other day, that China is now progressing upwards like Japan at the time of the Meiji Restoration. Reconstruction is going apace as is the centralization of military power.

Only Half-way

"But China is only half-way in her task of national reconstruction. And yet we can already see her vainly pointing at her achievements. Could there be anything more dangerous!

"History shows that it is not easy to transform a nation. Japan had to witness a number of bloody events before the transition from feudalism to capitalism was completed."

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